



February 20, 2004

ENGROSSED SENATE BILL No. 441

DIGEST OF SB 441 (Updated February 17, 2004 7:19 pm - DI 92)

Citations Affected: IC 4-22; IC 6-1.1; IC 6-3; IC 6-3.5; IC 20-14; IC 21-2; IC 21-3; IC 36-2; IC 36-7; noncode.

Synopsis: Property tax matters. Makes various changes concerning property tax assessment, property tax administration, local government finance, and property tax appeals. Authorizes locally funded property tax credits for taxpayers meeting certain criteria.

Effective: May 8, 2003 (retroactive); May 10, 2003 (retroactive); July 1, 2003 (retroactive); December 12, 2003 (retroactive); January 1, 2004 (retroactive); March 1, 2004 (retroactive); upon passage; July 1, 2004.

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(HOUSE SPONSORS — CRAWFORD, ESPICH)

January 12, 2004, read first time and referred to Committee on Finance.
January 20, 2004, amended, reported favorably — Do Pass.
January 26, 2004, read second time, ordered engrossed. Engrossed.
January 29, 2004, read third time, passed. Yeas 47, nays 0.

HOUSE ACTION

February 4, 2004, read first time and referred to Committee on Ways and Means.
February 19, 2004, amended, reported — Do Pass.

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ES 441—LS 7330/DI 44+



February 20, 2004

Second Regular Session 113th General Assembly (2004)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2003 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 441

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-22-2-37.1, AS AMENDED BY P.L.1-2004,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 UPON PASSAGE]: Sec. 37.1. (a) This section applies to a rulemaking
4 action resulting in any of the following rules:
5 (1) An order adopted by the commissioner of the Indiana
6 department of transportation under IC 9-20-1-3(d) or
7 IC 9-21-4-7(a) and designated by the commissioner as an
8 emergency rule.
9 (2) An action taken by the director of the department of natural
10 resources under IC 14-22-2-6(d) or IC 14-22-6-13.
11 (3) An emergency temporary standard adopted by the
12 occupational safety standards commission under
13 IC 22-8-1.1-16.1.
14 (4) An emergency rule adopted by the solid waste management
15 board under IC 13-22-2-3 and classifying a waste as hazardous.

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(5) A rule, other than a rule described in subdivision (6), adopted by the department of financial institutions under IC 24-4.5-6-107 and declared necessary to meet an emergency.

(6) A rule required under IC 24-4.5-1-106 that is adopted by the department of financial institutions and declared necessary to meet an emergency under IC 24-4.5-6-107.

(7) A rule adopted by the Indiana utility regulatory commission to address an emergency under IC 8-1-2-113.

(8) An emergency rule jointly adopted by the water pollution control board and the budget agency under IC 13-18-13-18.

(9) An emergency rule adopted by the state lottery commission under IC 4-30-3-9.

(10) A rule adopted under IC 16-19-3-5 that the executive board of the state department of health declares is necessary to meet an emergency.

(11) An emergency rule adopted by the Indiana transportation finance authority under IC 8-21-12.

(12) An emergency rule adopted by the insurance commissioner under IC 27-1-23-7.

(13) An emergency rule adopted by the Indiana horse racing commission under IC 4-31-3-9.

(14) An emergency rule adopted by the air pollution control board, the solid waste management board, or the water pollution control board under IC 13-15-4-10(4) or to comply with a deadline required by federal law, provided:

(A) the variance procedures are included in the rules; and

(B) permits or licenses granted during the period the emergency rule is in effect are reviewed after the emergency rule expires.

(15) An emergency rule adopted by the Indiana election commission under IC 3-6-4.1-14.

(16) An emergency rule adopted by the department of natural resources under IC 14-10-2-5.

(17) An emergency rule adopted by the Indiana gaming commission under IC 4-33-4-2, IC 4-33-4-3, or IC 4-33-4-14.

(18) An emergency rule adopted by the alcohol and tobacco commission under IC 7.1-3-17.5, IC 7.1-3-17.7, or IC 7.1-3-20-24.4.

(19) An emergency rule adopted by the department of financial institutions under IC 28-15-11.

(20) An emergency rule adopted by the office of the secretary of family and social services under IC 12-8-1-12.

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(21) An emergency rule adopted by the office of the children's health insurance program under IC 12-17.6-2-11.

(22) An emergency rule adopted by the office of Medicaid policy and planning under IC 12-15-41-15.

(23) An emergency rule adopted by the Indiana state board of animal health under IC 15-2.1-18-21.

(24) An emergency rule adopted by the board of directors of the Indiana education savings authority under IC 21-9-4-7.

(25) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-34.

(26) An emergency rule adopted by the department of local government finance under IC 6-1.1-4-33.

(27) An emergency rule adopted by the boiler and pressure vessel rules board under IC 22-13-2-8(c).

(28) An emergency rule adopted by the Indiana board of tax review under IC 6-1.1-4-37(l) or an emergency rule adopted by the department of local government finance under IC 6-1.1-4-36(j) or IC 6-1.1-22.5-20.

(b) The following do not apply to rules described in subsection (a):

(1) Sections 24 through 36 of this chapter.

(2) IC 13-14-9.

(c) After a rule described in subsection (a) has been adopted by the agency, the agency shall submit the rule to the publisher for the assignment of a document control number. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The publisher shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(d) After the document control number has been assigned, the agency shall submit the rule to the secretary of state for filing. The agency shall submit the rule in the form required by section 20 of this chapter and with the documents required by section 21 of this chapter. The secretary of state shall determine the number of copies of the rule and other documents to be submitted under this subsection.

(e) Subject to section 39 of this chapter, the secretary of state shall:

(1) accept the rule for filing; and

(2) file stamp and indicate the date and time that the rule is accepted on every duplicate original copy submitted.

(f) A rule described in subsection (a) takes effect on the latest of the following dates:

(1) The effective date of the statute delegating authority to the agency to adopt the rule.

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(2) The date and time that the rule is accepted for filing under subsection (e).

(3) The effective date stated by the adopting agency in the rule.

(4) The date of compliance with every requirement established by law as a prerequisite to the adoption or effectiveness of the rule.

(g) Subject to subsection (h), IC 14-10-2-5, IC 14-22-2-6, IC 22-8-1.1-16.1, and IC 22-13-2-8(c), **and except as provided in subsection (j), a rule adopted under this section expires not later than ninety (90) days after the rule is accepted for filing under subsection (e). Except for a rule adopted under subsection (a)(14), (a)(25), (a)(26), or (a)(28), the rule may be extended by adopting another rule under this section, but only for one (1) extension period. A rule adopted under subsection (a)(14) may be extended for two (2) extension periods. Subject to subsection (j), a rule adopted under subsection (a)(25), (a)(26), or (a)(28) may be extended for an unlimited number of extension periods.** Except for a rule adopted under subsection (a)(14), (a)(25), (a)(26), or (a)(28), for a rule adopted under this section to be effective after one (1) extension period, the rule must be adopted under:

(1) sections 24 through 36 of this chapter; or

(2) IC 13-14-9;

as applicable.

(h) A rule described in subsection (a)(6), (a)(9), or (a)(13) expires on the earlier of the following dates:

(1) The expiration date stated by the adopting agency in the rule.

(2) The date that the rule is amended or repealed by a later rule adopted under sections 24 through 36 of this chapter or this section.

(i) This section may not be used to readopt a rule under IC 4-22-2.5.

(j) A rule described in subsection (a)(25) or (a)(26) expires not later than January 1, 2006.

SECTION 2. IC 6-1.1-1-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6.5. "Fair market value" means, for purposes of determining the assessed value of real property used as residential property, the price at which a willing buyer and a willing seller dealing at arm's length would arrive, after negotiation, for a sale of property for the existing use of the property as residential property when neither is acting under compulsion and both have a reasonable knowledge of all the facts that affect value.**

SECTION 3. IC 6-1.1-1-8.6 IS ADDED TO THE INDIANA CODE



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AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: **Sec. 8.6. "Low income housing" means real property that, on an assessment date, is used to obtain or receives any of the following benefits:**

(1) Low income housing credits under Section 42 of the Internal Revenue Code.

(2) Low interest loans for benefits from the United States Department of Agriculture Rural Housing Section 515 Program.

(3) Below market, federally insured, or governmental financing for housing, including tax exempt bonds under Section 142 of the Internal Revenue Code for qualified residential rental projects.

(4) A grant or low interest loan under Section 235 or 236 of the National Housing Act (12 U.S.C. 1715z or 12 U.S.C. 1715z-1) or 42 U.S.C. 1485.

(5) A government rent subsidy for housing.

(6) A government guaranteed loan for a housing project.

SECTION 4. IC 6-1.1-1-22.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 22.7. "True tax value" means, for purposes of determining the assessed value of real property used as residential property, an assessed value that does not exceed fair market value.**

SECTION 5. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002, SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5. (a) A petition for the reassessment of real property situated within a township may be filed with the department of local government finance on or before March 31st of any year which is not a general election year and in which no general reassessment of real property is made.**

(b) The petition for reassessment referred to in subsection (a) must be signed by not less than the following percentage of all the owners of taxable real property who reside in the township:

(1) fifteen percent (15%) for a township which does not contain an incorporated city or town;

(2) five percent (5%) for a township containing all or part of an incorporated city or town which has a population of five thousand (5,000) or less;

(3) four percent (4%) for a township containing all or part of an incorporated city which has a population of more than five thousand (5,000) but not exceeding ten thousand (10,000);

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(4) three percent (3%) for a township containing all or part of an incorporated city which has a population of more than ten thousand (10,000) but not exceeding fifty thousand (50,000);

(5) two percent (2%) for a township containing all or part of an incorporated city which has a population of more than fifty thousand (50,000) but not exceeding one hundred fifty thousand (150,000); or

(6) one percent (1%) for a township containing all or part of an incorporated city which has a population of more than one hundred fifty thousand (150,000);

at least the lesser of:

(1) ten (10) owners of real property in a township; or

(2) the number of owners of real property in the township that represents owners of one percent (1%) of the assessed value of real property in the township.

(c) The signatures on the petition referred to in subsection (a) must be verified by the oath of one (1) or more of the signers. ~~And~~, A certificate of the county auditor stating that the signers constitute the required number of resident owners of taxable real property of the township must accompany the petition.

SECTION 6. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

(1) a township assessor in a qualifying county; or

(2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

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(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:
 - (A) prepare a detailed report of:
 - (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and
 - (ii) the balance in the reassessment fund as of the date of the report; and
 - (B) file the report with:
 - (i) the legislative body of the qualifying county;
 - (ii) the prosecuting attorney of the qualifying county;
 - (iii) the department of local government finance; and
 - (iv) the attorney general;
- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;
- (3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)**;
- (4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (5) a provision requiring the appraisal firm to make periodic reports to the department of local government finance;
- (6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;
- (7) a precise stipulation of what service or services are to be provided;
- (8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the department of local government finance; and
- (9) any other provisions required by the department of local

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government finance.

After December 31, 2001, the department of local government finance has all the powers and duties of the state board of tax commissioners provided under a contract entered into under this subsection (as effective before January 1, 2002) before January 1, 2002. The contract is valid to the same extent as if it were entered into by the department of local government finance. However, a reference in the contract to the state board of tax commissioners shall be treated as a reference to the department of local government finance. The contract shall be treated for all purposes, including the application of IC 33-3-5-2.5, as the contract of the department of local government finance. If the department of local government finance terminates a contract before completion of the work described in this subsection, the department shall contract for completion of the work as promptly as possible under IC 5-22-6. This subsection expires June 30, 2004.

(f) At least one (1) time each month, the contractors that will make physical visits to the site of real property for reassessment purposes shall publish a notice under IC 5-3-1 describing the areas that are scheduled to be visited within the next thirty (30) days and explaining the purposes of the visit. The notice shall be published in a way to promote understanding of the purposes of the visit in the affected areas. After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (e), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

(1) is subject to appeal by the taxpayer under section 34 of this chapter; and

(2) must include a statement of the taxpayer's rights under sections 33 and 34 of this chapter.

(g) The department of local government finance shall mail the notice required by subsection (f) within ninety (90) days after the department receives the report for a parcel from the professional appraisal firm. This subsection expires June 30, 2004.

(h) The qualifying county shall pay the cost of any contract under this section which shall be without appropriation from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. However, the maximum amount that the qualifying county is obligated to pay for all contracts entered into under subsection (e) for the general reassessment of real property in the qualifying county to be completed for the March 1, 2002, assessment date is twenty-five million five hundred thousand

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dollars (\$25,500,000). Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
 - (A) a duplicate copy of the bill submitted to the department of local government finance;
 - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
 - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection. This subsection expires June 30, 2004.

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(i) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department of local government finance under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

(j) With respect to a general reassessment of real property to be completed under section 4 of this chapter for an assessment date after the March 1, 2002, assessment date, the department of local government finance shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

- (1) the total assessed valuation of the real property within the qualifying county or township; and
- (2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

(k) If:

- (1) the variance determined under subsection (j) exceeds ten percent (10%); and
- (2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(l) If the variance determined under subsection (j) is ten percent (10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

- (1) sections 9 and 10 of this chapter; or
- (2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day

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the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

- (1) the time of the hearing;
- (2) the location of the hearing; and
- (3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

(n) If the department of local government finance determines after the hearing that property should be reassessed under this section, the department shall:

- (1) cause the property to be reassessed under this section;
- (2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and
- (3) notify the taxpayer by mail of its final determination.

(o) A reassessment may be made under this section only if the notice of the final determination under subsection (m) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(p) If the department of local government finance contracts for a special reassessment of property under this section, the qualifying county shall pay the bill, without appropriation, from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
 - (A) a duplicate copy of the bill submitted to the department of local government finance;
 - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and

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(C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide information requested in writing by the department of local government finance or the department's contractor under this section not later than seven (7) days after receipt of the written request from the department or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5) fails to provide the requested information within the time permitted in this subsection, the department of local government finance or the department's contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(r) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

(s) A contract entered into under subsection (e) is subject to this subsection. A contractor shall use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** to the extent that the contractor finds that the land values reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. If the contractor finds that the land values determined for the qualifying county under section 13.6

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of this chapter **(before its repeal)** do not reflect the true tax value of land, the contractor shall determine land values for the qualifying county that reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. The land values determined by the contractor shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The contractor shall notify the county assessor and the township assessors in the qualifying county of the land values as modified under this subsection. This subsection expires June 30, 2004.

(t) A contractor acting under a contract under subsection (e) may notify the department of local government finance if:

(1) the county auditor fails to:

(A) certify the bill;

(B) publish the claim;

(C) submit the claim to the county executive; or

(D) issue a warrant or check;

as required in subsection (h) at the first opportunity the county auditor is legally permitted to do so;

(2) the county executive fails to allow the claim as required in subsection (h) at the first opportunity the county executive is legally permitted to do so; or

(3) a person or entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts the process under this section for payment of a bill submitted by a contractor under subsection (h).

This subsection expires June 30, 2004.

(u) The department of local government finance, upon receiving notice under subsection (t) from the contractor, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (t)(1) or (t)(2); or

(B) a person or entity acted or failed to act as described in subsection (t)(3); and

(2) provide to the treasurer of state the department of local government finance's approval under subsection (h)(2)(A) of the bill with respect to which the contractor gave notice under subsection (t).

This subsection expires June 30, 2004.

(v) Upon receipt of the approval of the department of local

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government finance under subsection (u), the treasurer of state shall pay the contractor the amount of the bill approved by the department of local government finance from money in the possession of the state that would otherwise be available for distribution to the qualifying county, including distributions from the property tax replacement fund or distributions of admissions taxes or wagering taxes. This subsection expires June 30, 2004.

(w) The treasurer of state shall withhold from the part attributable to the county of the next distribution to the county treasurer under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10. This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006.

SECTION 7. IC 6-1.1-4-34, AS ADDED BY P.L.235-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MAY 8, 2003 (RETROACTIVE)]: Sec. 34. (a) As used in this section, "special master" refers to a person designated by the Indiana board under subsection (e).

(b) The notice of reassessment under section 32(f) of this chapter is subject to appeal by the taxpayer to the Indiana board. The procedures and time limitations that apply to an appeal to the Indiana board of a determination of the department of local government finance do not apply to an appeal under this subsection. The Indiana board may establish applicable procedures and time limitations under subsection (l).

(c) In order to appeal under subsection (b), the taxpayer must:

(1) request and participate as required in the informal hearing process under section 33 of this chapter not later than forty-five (45) days after the date of the notice of reassessment under section 32(f) of this chapter;

(2) except as provided in section 33(i) of this chapter, receive a

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notice of changed reassessment under section 33(g) of this chapter; and

(3) file a petition for review with the appropriate county assessor not later than thirty (30) days after:

(A) the date of the notice of the department of local government finance is given to the taxpayer under section 32(f) 33(g) of this chapter; or

(B) the date determined under section 33(i) of this chapter after which the department may not change the amount of the reassessment under the informal hearing process.

(d) The Indiana board may develop a form for petitions under subsection (c) that:

(1) outlines:

(A) the appeal process;

(B) the burden of proof; and

(C) evidence necessary to warrant a change to a reassessment; and

(2) describes:

(A) the increase in the property tax replacement credit; and

(B) other changes to the property tax system;

under P.L.192-2002(ss) that reduced the effect of general reassessment on property tax liability.

(e) The Indiana board may contract with, appoint, or otherwise designate the following to serve as special masters to conduct evidentiary hearings and prepare reports required under subsection (g):

(1) Independent, licensed appraisers.

(2) Attorneys.

(3) Certified level two Indiana assessor-appraisers (including administrative law judges employed by the Indiana board).

(4) Other qualified individuals.

(f) Each contract entered into under subsection (e) must specify the appointee's compensation and entitlement to reimbursement for expenses. The compensation and reimbursement for expenses are paid from the county property reassessment fund. Payments under this subsection from the county property reassessment fund may not exceed five hundred thousand dollars (\$500,000).

(g) With respect to each petition for review filed under subsection (c), the special masters shall:

(1) set a hearing date;

(2) give notice of the hearing at least thirty (30) days before the hearing date, by mail, to:

(A) the taxpayer;

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- 1 (B) the department of local government finance;
- 2 (C) the township assessor; and
- 3 (D) the county assessor;
- 4 (3) conduct a hearing and hear all evidence submitted under this
- 5 section; and
- 6 (4) make evidentiary findings and file a report with the Indiana
- 7 board.
- 8 (h) At the hearing under subsection (g):
- 9 (1) the taxpayer shall present:
- 10 (A) its evidence that the reassessment is incorrect;
- 11 (B) the method by which the taxpayer contends the
- 12 reassessment is correctly determined; and
- 13 (C) comparable sales, appraisals, or other pertinent
- 14 information concerning valuation as required by the Indiana
- 15 board; and
- 16 (2) the department of local government finance shall present its
- 17 evidence that the reassessment is correct.
- 18 (i) The Indiana board may dismiss a petition for review filed under
- 19 subsection (c) if the evidence and other information required under
- 20 subsection (h)(1) is not provided at the hearing under subsection (g).
- 21 (j) The township assessor and the county assessor may attend and
- 22 participate in the hearing under subsection (g).
- 23 (k) The Indiana board may:
- 24 (1) consider the report of the special masters under subsection
- 25 (g)(4);
- 26 (2) make a final determination based on the findings of the special
- 27 masters without:
- 28 (A) conducting a hearing; or
- 29 (B) any further proceedings; and
- 30 (3) incorporate the findings of the special masters into the board's
- 31 findings in resolution of the appeal.
- 32 (l) The Indiana board may adopt emergency rules under
- 33 IC 4-22-2-37.1 to:
- 34 (1) establish procedures to expedite:
- 35 (A) the conduct of hearings under subsection (g); and
- 36 (B) the issuance of determinations of appeals under subsection
- 37 (b); and
- 38 (2) establish deadlines:
- 39 (A) for conducting hearings under subsection (g); and
- 40 (B) for issuing determinations of appeals under subsection (b).
- 41 (m) A determination by the Indiana board of an appeal under
- 42 subsection (b) is subject to appeal to the tax court under IC 6-1.1-15.

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(n) This section expires December 31, 2005.

SECTION 8. IC 6-1.1-4-35, AS ADDED BY P.L.1-2004, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 35. (a) This section applies to a county other than a county subject to section 32 of this chapter.

(b) This section applies to a general reassessment of real property conducted under section 4(a) of this chapter that is scheduled to become effective for property taxes first due and payable in 2003.

(c) As used in this section, "department" refers to the department of local government finance.

(d) As used in this section, "reassessment official" means any of the following:

(1) A county assessor.

(2) A township assessor.

(3) A township trustee-assessor.

(e) If:

(1) the department determines that a county's reassessment officials are unable to complete the reassessment in a timely manner; or

(2) the department determines that a county's reassessment officials are likely to complete the reassessment in an inaccurate manner;

the department may order a state conducted reassessment in the county. The department may consider a reassessment in a county untimely if the county does not submit the county's equalization study to the department in the manner prescribed under 50 IAC 14 before October 20, 2003. The department may consider the reassessment work of a county's reassessment officials inaccurate if the department determines from a sample of the assessments completed in the county that there is a variance exceeding ten percent (10%) between the total assessed valuation of the real property within the sample and the total assessed valuation that would result if the real property within the sample were valued in the manner provided by law.

(f) If the department orders a state conducted reassessment in a county, the department shall assume the duties of the county's reassessment officials. Notwithstanding sections 15 and 17 of this chapter, a reassessment official in a county subject to an order issued under this section may not assess property or have property assessed for the general reassessment. Until the state conducted reassessment is completed under this section, the reassessment duties of a reassessment official in the county are limited to providing the department or a contractor of the department the support and information requested by

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the department or the contractor.

(g) Before assuming the duties of a county's reassessment officials, the department shall transmit a copy of the department's order requiring a state conducted reassessment to the county's reassessment officials, the county fiscal body, the county auditor, and the county treasurer. Notice of the department's actions must be published one (1) time in a newspaper of general circulation **published** in the county. The department is not required to conduct a public hearing before taking action under this section.

(h) Township and county officials in a county subject to an order issued under this section shall, at the request of the department or the department's contractor, make available and provide access to all:

- (1) data;
- (2) records;
- (3) maps;
- (4) parcel record cards;
- (5) forms;
- (6) computer software systems;
- (7) computer hardware systems; and
- (8) other information;

related to the reassessment of real property in the county. The information described in this subsection must be provided at no cost to the department or the contractor of the department. A failure to provide information requested under this subsection constitutes a failure to perform a duty related to a general reassessment and is subject to IC 6-1.1-37-2.

(i) The department may enter into a contract with a professional appraising firm to conduct a reassessment under this section. If a county or a township located in the county entered into a contract with a professional appraising firm to conduct the county's reassessment before the department orders a state conducted reassessment in the county under this section, the contract:

- (1) is as valid as if it had been entered into by the department; and
- (2) shall be treated as the contract of the department.

(j) After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (i), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice of reassessment:

- (1) is subject to appeal by the taxpayer under section 37 of this chapter; and
- (2) must include a statement of the taxpayer's rights under section

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1 37 of this chapter.

2 (k) The department shall forward a bill for services provided under
3 a contract described in subsection (i) to the auditor of the county in
4 which the state conducted reassessment occurs. The county shall pay
5 the bill under the procedures prescribed by subsection (l).

6 (l) A county subject to an order issued under this section shall pay
7 the cost of a contract described in subsection (i), without appropriation,
8 from the county's property reassessment fund. A contractor may
9 periodically submit bills for partial payment of work performed under
10 the contract. Notwithstanding any other law, a contractor is entitled to
11 payment under this subsection for work performed under a contract if
12 the contractor:

13 (1) submits to the department a fully itemized, certified bill in the
14 form required by IC 5-11-10-1 for the costs of the work performed
15 under the contract;

16 (2) obtains from the department:

17 (A) approval of the form and amount of the bill; and

18 (B) a certification that the billed goods and services have been
19 received and comply with the contract; and

20 (3) files with the county auditor:

21 (A) a duplicate copy of the bill submitted to the department;

22 (B) proof of the department's approval of the form and amount
23 of the bill; and

24 (C) the department's certification that the billed goods and
25 services have been received and comply with the contract.

26 The department's approval and certification of a bill under subdivision
27 (2) shall be treated as conclusively resolving the merits of a contractor's
28 claim. Upon receipt of the documentation described in subdivision (3),
29 the county auditor shall immediately certify that the bill is true and
30 correct without further audit, publish the claim as required by
31 IC 36-2-6-3, and submit the claim to the county executive. The county
32 executive shall allow the claim, in full, as approved by the department,
33 without further examination of the merits of the claim in a regular or
34 special session that is held not less than three (3) days and not more
35 than seven (7) days after the completion of the publication
36 requirements under IC 36-2-6-3. Upon allowance of the claim by the
37 county executive, the county auditor shall immediately issue a warrant
38 or check for the full amount of the claim approved by the department.
39 Compliance with this subsection constitutes compliance with section
40 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The
41 determination and payment of a claim in compliance with this
42 subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f)

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and IC 36-2-6-9 do not apply to a claim submitted under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(m) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department entered into under this section:

(1) The commissioner of the Indiana department of administration.

(2) The director of the budget agency.

(3) The attorney general.

(n) If the money in a county's property reassessment fund is insufficient to pay for a reassessment conducted under this section, the department may increase the tax rate and tax levy of the county's property reassessment fund to pay the cost and expenses related to the reassessment.

(o) The department or the contractor of the department shall use the land values determined under section 13.6 of this chapter **(before its repeal)** for a county subject to an order issued under this section to the extent that the department or the contractor finds that the land values reflect the true tax value of land, as determined under this article and the rules of the department. If the department or the contractor finds that the land values determined for the county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the department or the contractor shall determine land values for the county that reflect the true tax value of land, as determined under this article and the rules of the department. Land values determined under this subsection shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The department or the contractor of the department shall notify the county's reassessment officials of the land values determined under this subsection.

(p) A contractor of the department may notify the department if:

(1) a county auditor fails to:

(A) certify the contractor's bill;

(B) publish the contractor's claim;

(C) submit the contractor's claim to the county executive; or

(D) issue a warrant or check for payment of the contractor's bill;

as required by subsection (l) at the county auditor's first legal opportunity to do so;

(2) a county executive fails to allow the contractor's claim as legally required by subsection (l) at the county executive's first

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1 legal opportunity to do so; or

2 (3) a person or an entity authorized to act on behalf of the county
3 takes or fails to take an action, including failure to request an
4 appropriation, and that action or failure to act delays or halts
5 progress under this section for payment of the contractor's bill.

6 (q) The department, upon receiving notice under subsection (p)
7 from a contractor of the department, shall:

8 (1) verify the accuracy of the contractor's assertion in the notice
9 that:

10 (A) a failure occurred as described in subsection (p)(1) or
11 (p)(2); or

12 (B) a person or entity acted or failed to act as described in
13 subsection (p)(3); and

14 (2) provide to the treasurer of state the department's approval
15 under subsection (l)(2)(A) of the contractor's bill with respect to
16 which the contractor gave notice under subsection (p).

17 (r) Upon receipt of the department's approval of a contractor's bill
18 under subsection (q), the treasurer of state shall pay the contractor the
19 amount of the bill approved by the department from money in the
20 possession of the state that would otherwise be available for
21 distribution to the county, including distributions from the property tax
22 replacement fund or distribution of admissions taxes or wagering taxes.

23 (s) The treasurer of state shall withhold from the money that would
24 be distributed under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b) or
25 any other law to a county described in a notice provided under
26 subsection (p) the amount of a payment made by the treasurer of state
27 to the contractor of the department under subsection (r). Money shall
28 be withheld first from the money payable to the county under
29 IC 6-1.1-21-4(b) and then from all other sources payable to the county.

30 (t) Compliance with subsections (p) through (s) constitutes
31 compliance with IC 5-11-10.

32 (u) IC 5-11-10-1.6(d) applies to the treasurer of state with respect
33 to the payment made in compliance with subsections (p) through (s).
34 This subsection and subsections (p) through (s) must be interpreted
35 liberally so that the state shall, to the extent legally valid, ensure that
36 the contractual obligations of a county subject to this section are paid.
37 Nothing in this section shall be construed to create a debt of the state.

38 (v) The provisions of this section are severable as provided in
39 IC 1-1-1-8(b).

40 (w) This section expires January 1, 2007.

41 SECTION 9. IC 6-1.1-4-39, AS ADDED BY P.L. 1-2004, SECTION
42 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH

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1 1, 2004 (RETROACTIVE)]: Sec. 39. (a) For assessment dates after
 2 February ~~28, 2005~~, **29, 2004**, except as provided in subsection (c) **and**
 3 **IC 6-1.1-6.9-1**, the true tax value of real property regularly used to rent
 4 or otherwise furnish residential accommodations for periods of thirty
 5 (30) days or more and that has more than four (4) rental units is the
 6 lowest valuation determined by applying each of the following
 7 appraisal approaches:

8 (1) Cost approach that includes an estimated reproduction or
 9 replacement cost of buildings and land improvements as of the
 10 date of valuation together with estimates of the losses in value
 11 that have taken place due to wear and tear, design and plan, or
 12 neighborhood influences.

13 (2) Sales comparison approach, using data for generally
 14 comparable property.

15 (3) Income capitalization approach, using an applicable
 16 capitalization method and appropriate capitalization rates that are
 17 developed and used in computations that lead to an indication of
 18 value commensurate with the risks for the subject property use.

19 (b) The gross rent multiplier method is the preferred method of
 20 valuing:

21 (1) real property that has at least one (1) and not more than four
 22 (4) rental units; and

23 (2) mobile homes assessed under IC 6-1.1-7.

24 (c) A township assessor is not required to appraise real property
 25 referred to in subsection (a) using the three (3) appraisal approaches
 26 listed in subsection (a) if the township assessor and the taxpayer agree
 27 before notice of the assessment is given to the taxpayer under section
 28 22 of this chapter to the determination of the true tax value of the
 29 property by the assessor using one (1) of those appraisal approaches.

30 (d) To carry out this section, the department of local government
 31 finance may adopt rules for assessors to use in gathering and
 32 processing information for the application of the income capitalization
 33 method and the gross rent multiplier method. A taxpayer must verify
 34 under penalties for perjury any information provided to the assessor for
 35 use in the application of either method.

36 SECTION 10. IC 6-1.1-4-40 IS ADDED TO THE INDIANA CODE
 37 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
 38 UPON PASSAGE]: **Sec. 40. (a) As used in this section:**

39 (1) **"Appendix C" refers to the Real Property Assessment**
 40 **Guidelines for 2002, Book 1, Appendix C, issued by the**
 41 **department of local government finance;**

42 (2) **"Appendix G" refers to the Real Property Assessment**

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Guidelines for 2002, Book 2, Appendix G, issued by the department of local government finance; and

(3) "location cost multiplier" means:

(A) any multiplier or factor designed to account in the real property assessment process for variances in construction costs among jurisdictions; or

(B) a multiplier or factor determined for the same purposes and in the same manner as a location cost multiplier:

(i) determined by a county assessor as described in Appendix C or Appendix G; or

(ii) contained in Table G-1 to Appendix C or Table G-1 to Appendix G.

(b) A location cost multiplier may not be used in the assessment of real property for assessments after December 31, 2008.

SECTION 11. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for the purposes established in ~~IC 6-1.1-4-13.6,~~ sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall

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forward the sales disclosure form to the appropriate township assessor.
The township assessor shall forward the sales disclosure form to the
department of local government finance and the legislative services
agency:

(1) before January 1, 2005, in an electronic format, if possible;
and

(2) after December 31, 2004, in an electronic format specified
jointly by the department of local government finance and the
legislative services agency.

The township assessor shall forward a copy of the sales disclosure
forms to the township assessors in the county. The forms may be used
by the county assessing officials, the department of local government
finance, and the legislative services agency for the purposes established
in IC 6-1.1-4-13-6, sales ratio studies, equalization, adoption of rules
under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized
purpose.

SECTION 12. IC 6-1.1-6.9 IS ADDED TO THE INDIANA CODE
AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
MARCH 1, 2004 (RETROACTIVE)]:

Chapter 6.9. Low Income Rental Housing; Assessment

**Sec. 1. The true tax value of low income rental housing shall be
determined using the capitalization of income method of valuation.**

**Sec. 2. The value of any tax credits or other government
subsidies, including below market financing, granted for the
construction, conversion, or use of property as low income housing
may not be considered in determining the true tax value of the
property regardless of whether the credits or other subsidies are
made available, directly or indirectly, to compensate the owner for
the rental of low income housing at a rate that is less than the fair
market rental rate for the property.**

SECTION 13. IC 6-1.1-12.1-15 IS ADDED TO THE INDIANA
CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 15. Notwithstanding the
enactment of P.L.245-2003 and P.L.256-2003, the duties under this
chapter that are transferred from the department of local
government finance to county auditors by the acts referred to in
this section shall be performed by the department of local
government finance for actions related to the granting of
deductions for property taxes first due and payable in 2006.**

SECTION 14. IC 6-1.1-13-1 IS AMENDED TO READ AS
FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 1. The powers
granted to each county property tax assessment board of appeals under**

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1 this chapter apply only to the tangible property assessments made with
 2 respect to the last preceding assessment date. Before a county property
 3 tax assessment board of appeals changes any valuation or adds any
 4 tangible property and the value of it to a return or the assessment rolls
 5 under this chapter, the board shall give prior notice by mail to the
 6 taxpayer. The notice must state a time when and place where the
 7 taxpayer may appear before the board. The time stated in the notice
 8 must be at least ten (10) days after the date the notice is mailed.

9 SECTION 15. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003,
 10 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 11 UPON PASSAGE]: Sec. 6. A county assessor shall inquire into the
 12 assessment of the classes of tangible property in the various townships
 13 of the county:

- 14 (1) after March 1 in the year in which ~~the~~ a general reassessment
- 15 of real property becomes effective under IC 6-1.1-4-4; or
- 16 (2) in other years under the rules of the department of local
- 17 government finance concerning:
- 18 (A) equalization under IC 6-1.1-14; and
- 19 (B) annual adjustments under IC 6-1.1-4-4.5.

20 The county assessor shall make any changes, whether increases or
 21 decreases, in the assessed values which are necessary in order to
 22 equalize these values in and between the various townships of the
 23 county. In addition, the county assessor shall determine the percent to
 24 be added to or deducted from the assessed values in order to make a
 25 just, equitable, and uniform equalization of assessments in and between
 26 the townships of the county.

27 SECTION 16. IC 6-1.1-13-7 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If a county
 29 assessor proposes to change assessments under section 6 of this
 30 chapter, the property tax assessment board of appeals shall hold a
 31 hearing on the proposed changes:

- 32 (1) before July 15 in ~~the~~ a year in which a general assessment is
- 33 to commence; becomes effective; or
- 34 (2) in other years under the rules of the department of local
- 35 government finance concerning:
- 36 (A) equalization under IC 6-1.1-14; and
- 37 (B) annual adjustments under IC 6-1.1-4-4.5.

38 (b) It is sufficient notice of ~~the~~ a hearing under subsection (a) and
 39 of any changes in assessments ordered by the board subsequent to the
 40 hearing if the board gives notice by publication once either in:

- 41 (1) two (2) newspapers which represent different political parties
- 42 and which are published in the county; or

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(2) one (1) newspaper only, if two (2) newspapers which represent different political parties are not published in the county.

SECTION 17. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local government finance shall review the assessments of all tangible property made by the various counties of this state. **The department of local government finance may employ qualified professional appraisers and other professionals to assist in the review.** If the department of local government finance determines that the assessment of a county appears to be improper, the department shall mail a certified notice to the auditor of the county informing the auditor of the department's determination to consider the modification of that county's assessment. The notice shall state whether the modification to be considered is related to real property, personal property, or both. The notice shall also state a day, at least ten (10) days after the day the notice is mailed, when a hearing on the assessment will be held. In addition to the notice to the county auditor, the department of local government finance shall give the notice, if any, required under section 9(a) of this chapter.

SECTION 18. IC 6-1.1-15-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) This section applies to an assessment of real property used as residential property for an assessment date after February 28, 2002.**

(b) Notwithstanding IC 6-1.1-31-6(c), for purposes of:

(1) a review or an appeal under this chapter; or

(2) a hearing or an appeal under IC 6-1.1-4;

a taxpayer may state as a basis for the review that the assessed value determined by the assessing officials for the property exceeds the property's fair market value on the determination date used to value the property under the rules of the department of local government finance. If a taxpayer presents competent evidence of the property's fair market value in a review, the property shall be assessed at a value that does not exceed its fair market value.

SECTION 19. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners **and in the form required by the department of local government finance,** to the fiscal officer

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of each political subdivision of the county and the department of local government finance. The statement shall contain:

(1) information concerning the assessed valuation in the political subdivision for the next calendar year;

(2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;

(3) the current assessed valuation as shown on the abstract of charges;

(4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and

(5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 20. IC 6-1.1-17-20, AS AMENDED BY P.L.1-2004, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy for the taxing unit for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year.

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) **This subsection does not apply to a public library.** If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

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(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

(d) **This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

(e) **This subsection applies to a taxing unit that is a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(c)~~ (f) The fiscal body of the city, town, or county (whichever applies) **or the fiscal body designated under IC 20-14-14 (in the case of a public library)** shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.

SECTION 21. IC 6-1.1-18.5-1, AS AMENDED BY P.L.1-2004, SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 12, 2003 (RETROACTIVE)]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and

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temporary adjustments made to the ~~working~~ **certified** maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 22. IC 6-1.1-18.5-16, AS AMENDED BY P.L.1-2004, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 16. (a) A civil taxing unit may request permission from the local government tax control board to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if:

(1) the civil taxing unit experienced a property tax revenue shortfall that resulted from erroneous assessed valuation figures being provided to the civil taxing unit;

(2) the erroneous assessed valuation figures were used by the civil taxing unit in determining its total property tax rate; and

(3) the error in the assessed valuation figures was found after the civil taxing unit's property tax levy resulting from that total rate was finally approved by the department of local government finance.

(b) A civil taxing unit may request permission from the local government tax control board to impose an ad valorem property tax levy that exceeds the limits imposed by section 3 of this chapter if the civil taxing unit ~~experienced~~ **determines that it may experience** a property tax revenue shortfall because of the payment of refunds, **and by December 31 the civil taxing unit does experience a property tax revenue shortfall because of the payment of refunds**, that resulted from appeals under this article and IC 6-1.5.

(c) If the local government tax control board determines that a shortfall described in subsection (a) or (b) has occurred, it shall recommend to the department of local government finance that the civil taxing unit be allowed to impose a property tax levy exceeding the limit imposed by section 3 of this chapter, and the department may adopt

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such recommendation. However, the maximum amount by which the civil taxing unit's levy may be increased over the limits imposed by section 3 of this chapter equals the remainder of the civil taxing unit's property tax levy for the particular calendar year as finally approved by the department of local government finance minus the actual property tax levy collected by the civil taxing unit for that particular calendar year.

(d) Any property taxes collected by a civil taxing unit over the limits imposed by section 3 of this chapter under the authority of this section may not be treated as a part of the civil taxing unit's maximum permissible ad valorem property tax levy for purposes of determining its maximum permissible ad valorem property tax levy for future years.

(e) If the department of local government finance authorizes an excess tax levy under this section, it shall take appropriate steps to insure that the proceeds are first used to repay any loan made to the civil taxing unit for the purpose of meeting its current expenses.

SECTION 23. IC 6-1.1-18.5-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 21. (a) As used in this section, "department" refers to the department of local government finance.**

(b) As used in this section, "municipality" has the meaning set forth in IC 36-1-2-11.

(c) Notwithstanding section 1 of this chapter, for all computations under section 3 of this chapter for ensuing calendar year 2005, a municipality's "maximum permissible ad valorem property tax levy for the preceding calendar year" is the greater of:

- (1) the amount determined under this section; or**
- (2) the amount determined under the definition of "maximum permissible ad valorem property tax levy for the preceding calendar year" in section 1 of this chapter.**

(d) Except as provided in subsection (c)(1), a municipality's maximum permissible ad valorem property tax levy for the preceding calendar year for purposes of computing a municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2005 is equal to the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2002, after eliminating the effects of temporary excessive levy appeals and temporary adjustments to the maximum

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permissible ad valorem property tax levy, as determined by the department.

STEP TWO: Multiply the STEP ONE amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2003.

STEP THREE: Multiply the STEP TWO amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2004.

SECTION 24. IC 6-1.1-19-1.5, AS AMENDED BY P.L.1-2004, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

(1) "Adjustment factor" means the adjustment factor determined by the department of local government finance for a school corporation under IC 6-1.1-34.

(2) "Adjusted target property tax rate" means:

(A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by

(B) the school corporation's adjustment factor.

(3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for a calendar year beginning after December 31, 2004, impose a general fund ad valorem property tax levy which exceeds the following:

STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate; minus

(B) the school corporation's previous year property tax rate.

STEP TWO: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP THREE and not under STEP FOUR;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP THREE; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not

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- 1 perform the calculation under STEP THREE or STEP FOUR.
- 2 STEP THREE: Determine the levy resulting from using the
- 3 school corporation's previous year property tax rate after
- 4 increasing the rate by the lesser of:
- 5 (A) the STEP ONE result; or
- 6 (B) five cents (\$0.05).
- 7 STEP FOUR: Determine the levy resulting from using the school
- 8 corporation's previous year property tax rate after reducing the
- 9 rate by the lesser of:
- 10 (A) the absolute value of the STEP ONE result; or
- 11 (B) five cents (\$0.05).
- 12 STEP FIVE: Determine the result of:
- 13 (A) the STEP TWO (C), STEP THREE, or STEP FOUR result,
- 14 whichever applies; plus
- 15 (B) an amount equal to the annual decrease in federal aid to
- 16 impacted areas from the year preceding the ensuing calendar
- 17 year by three (3) years to the year preceding the ensuing
- 18 calendar year by two (2) years.
- 19 The maximum levy is to include the portion of any excessive levy
- 20 and the levy for new facilities.
- 21 STEP SIX: Determine the result of:
- 22 (A) the STEP FIVE result; plus
- 23 (B) the product of:
- 24 (i) the weighted average of the amounts determined under
- 25 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
- 26 attended by students who have legal settlement in the school
- 27 corporation; multiplied by
- 28 (ii) thirty-five hundredths (0.35).
- 29 In determining the number of students for purposes of this
- 30 STEP, each kindergarten pupil shall be counted as one-half
- 31 (1/2) pupil.
- 32 The result determined under this STEP may not be included in the
- 33 school corporation's adjusted base levy for the year following the
- 34 year in which the result applies or in the school corporation's
- 35 determination of tuition support.
- 36 (c) For purposes of this section, "total assessed value" with respect
- 37 to a school corporation means the total assessed value of all taxable
- 38 property for ad valorem property taxes first due and payable during that
- 39 year.
- 40 (d) The department of local government finance shall annually
- 41 establish an assessment ratio and adjustment factor for each school
- 42 corporation to be used upon the review and recommendation of the

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budget committee. The information compiled, including background documentation, may not be used in a:

- (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;
- (2) petition for a correction of error under IC 6-1.1-15-12; or
- (3) petition for refund under IC 6-1.1-26.

(e) All tax rates shall be computed by rounding the rate to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent ~~(\$0.0001)~~ **(\$0.000001)**. All tax levies shall be computed by rounding the levy to the nearest dollar amount.

(f) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation may impose a general fund ad valorem property tax levy in the amount determined under STEP EIGHT of the following formula:

STEP ONE: Determine the quotient of:

- (A) the school corporation's 2003 assessed valuation; divided by
- (B) the school corporation's 2002 assessed valuation.

STEP TWO: Determine the greater of zero (0) or the difference between:

- (A) the STEP ONE amount; minus
- (B) one (1).

STEP THREE: Determine the lesser of eleven-hundredths (0.11) or the product of:

- (A) the STEP TWO amount; multiplied by
- (B) eleven-hundredths (0.11).

STEP FOUR: Determine the sum of:

- (A) the STEP THREE amount; plus
- (B) one (1).

STEP FIVE: Determine the product of:

- (A) the STEP FOUR amount; multiplied by
- (B) the school corporation's general fund ad valorem property tax levy for calendar year 2003.

STEP SIX: Determine the lesser of:

- (A) the STEP FIVE amount; or
- (B) the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by five cents (\$0.05).

STEP SEVEN: Determine the result of:

- (A) the STEP SIX amount; plus
- (B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar

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1 year by three (3) years to the year preceding the ensuing
 2 calendar year by two (2) years.
 3 The maximum levy is to include the part of any excessive levy
 4 and the levy for new facilities.
 5 STEP EIGHT: Determine the result of:
 6 (A) the STEP SEVEN result; plus
 7 (B) the product of:
 8 (i) the weighted average of the amounts determined under
 9 IC 21-3-1.7-6.7(e) STEP NINE for all charter schools
 10 attended by students who have legal settlement in the school
 11 corporation; multiplied by
 12 (ii) thirty-five hundredths (0.35).
 13 In determining the number of students for purposes of this
 14 STEP, each kindergarten pupil shall be counted as one-half
 15 (1/2) pupil.
 16 The result determined under this STEP may not be included in the
 17 school corporation's adjusted base levy for the year following the
 18 year in which the result applies or in the school corporation's
 19 determination of tuition support.
 20 SECTION 25. IC 6-1.1-19-4.7, AS AMENDED BY P.L.1-2004,
 21 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 22 UPON PASSAGE]: Sec. 4.7. (a) With respect to every appeal petition
 23 that:
 24 (1) is delivered to the tax control board by the department of local
 25 government finance under section 4.1 of this chapter; and
 26 (2) includes a request for emergency relief for the purpose of
 27 making up a shortfall that has resulted:
 28 (A) whenever:
 29 (i) erroneous assessed valuation figures were provided to the
 30 school corporation;
 31 (ii) erroneous figures were used to determine the school
 32 corporation's total property tax rate; and
 33 (iii) the school corporation's general fund tax levy was
 34 reduced under IC 6-1.1-17-16(d); or
 35 (B) **whenever the school corporation determines that it**
 36 **may experience a property tax revenue shortfall because**
 37 **of the payment of refunds, and by December 31 does**
 38 **experience a property tax revenue shortfall** because of the
 39 payment of refunds, that resulted from appeals under this
 40 article and IC 6-1.5;
 41 the tax control board shall recommend to the department of local
 42 government finance that the school corporation receive emergency

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1 financial relief. The relief shall be in the form specified in section
 2 4.5(b)(1) through 4.5(b)(7) of this chapter, or in a combination of the
 3 forms of relief specified in section 4.5(b)(1) through 4.5(b)(7) of this
 4 chapter.

5 (b) The tax control board shall, if the tax control board determines
 6 that a shortfall exists as described in subsection (a), recommend that a
 7 school corporation that appeals for the purpose stated in subsection (a)
 8 be permitted to collect an excessive tax levy for a specified calendar
 9 year in the amount of the difference between:

10 (1) the school corporation's property tax levy for a particular year
 11 as finally approved by the department of local government
 12 finance; and

13 (2) the school corporation's actual property tax levy for the
 14 particular year.

15 (c) With respect to each appeal petition: ~~that~~:

16 (1) **that** is delivered to the tax control board by the department of
 17 local government finance under section 4.1 of this chapter;

18 (2) **that** includes a request for emergency relief for the purpose of
 19 making up a shortfall that has resulted because of a delinquent
 20 property taxpayer; and

21 (3) **for which** the tax control board finds that the balance in the
 22 school corporation's levy excess fund plus the property taxes
 23 collected for the school corporation is less than ninety-eight
 24 percent (98%) of the school corporation's property tax levy for
 25 that year, as finally approved by the department of local
 26 government finance;

27 the tax control board may recommend to the department of local
 28 government finance that the school corporation receive emergency
 29 financial relief in the form specified in section 4.5(b)(1) through
 30 4.5(b)(7) of this chapter and be permitted to collect an excessive tax
 31 levy for a specified calendar year in the amount of the difference
 32 between the school corporation's property tax levy for a particular year,
 33 as finally approved by the department, and the school corporation's
 34 actual property tax collections plus any balance in the school
 35 corporation's levy excess fund.

36 (d) Every recommendation made by the tax control board under this
 37 section shall specify the amount of the excessive tax levy. The
 38 department of local government finance may authorize the school
 39 board to make an excessive tax levy in accordance with the
 40 recommendation without any other proceeding. Whenever the
 41 department of local government finance authorizes an excessive tax
 42 levy under this subsection, the department shall take appropriate steps

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to ensure that the proceeds of the excessive tax levy are first used to repay any loan authorized under sections 4.3 through 5.3 of this chapter.

SECTION 26. IC 6-1.1-20-10, AS ADDED BY P.L.1-2004, SECTION 32, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) If a petition and remonstrance process is commenced under section 3.2 of this chapter, during the sixty (60) day period commencing with the notice under section 3.2(1) of this chapter, the political subdivision seeking to issue bonds or enter into a lease for the proposed controlled project may not promote a position on the petition or remonstrance by doing any of the following:

(1) Allowing facilities or equipment, including mail and messaging systems, owned by the political subdivision to be used for public relations purposes to promote a position on the petition or remonstrance, unless equal access to the facilities or equipment is given to persons with a position opposite to that of the political subdivision.

(2) Making an expenditure of money from a fund controlled by the political subdivision to promote a position on the petition or remonstrance (except as necessary to explain the project to the public) or to pay for the gathering of signatures on a petition or remonstrance. This subdivision does not prohibit a political subdivision from making an expenditure of money to an attorney, an architect, a construction manager, **a professional engineer, a surveyor**, or a financial adviser for professional services provided with respect to a controlled project.

(3) Using an employee to promote a position on the petition or remonstrance during the employee's normal working hours or paid overtime.

(4) In the case of a school corporation, promoting a position on a petition or remonstrance by:

(A) using students to transport written materials to their residences; or

(B) including a statement within another communication sent to the students' residences.

However, this section does not prohibit an employee of the political subdivision from carrying out duties with respect to a petition or remonstrance that are part of the normal and regular conduct of the employee's office or agency.

(b) A person may not solicit or collect signatures for a petition or remonstrance on property owned or controlled by the political subdivision.

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SECTION 27. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003,
SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12,
IS CORRECTED AND AMENDED TO READ AS FOLLOWS
[EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department
shall allocate from the property tax replacement fund an amount equal
to the sum of:

(1) each county's total eligible property tax replacement amount
for that year; plus

(2) the total amount of homestead tax credits that are provided
under IC 6-1.1-20.9 and allowed by each county for that year;
plus

(3) an amount for each county that has one (1) or more taxing
districts that contain all or part of an economic development
district that meets the requirements of section 5.5 of this chapter.
This amount is the sum of the amounts determined under the
following STEPS for all taxing districts in the county that contain
all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts
under section 2(g)(1)(A) and 2(g)(2) of this chapter that is
attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is
attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to
a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and
August 31 of each year, the department shall distribute to each county
treasurer from the property tax replacement fund one-half (1/2) of the
estimated distribution for that year for the county. Between September
1 and December 15 of that year, the department shall distribute to each
county treasurer from the property tax replacement fund the remaining
one-half (1/2) of each estimated distribution for that year. The amount
of the distribution for each of these periods shall be according to a
schedule determined by the property tax replacement fund board under
section 10 of this chapter. The estimated distribution for each county
may be adjusted from time to time by the department to reflect any
changes in the total county tax levy upon which the estimated
distribution is based.

(c) On or before December 31 of each year or as soon thereafter as

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possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), the ~~department auditor of state~~ shall not distribute **to a county treasurer two percent (2%) of the money otherwise distributable** under subsection (b), **subsection (c), and section 10 of this chapter** ~~the money attributable to the county's property reassessment fund~~ if:

(1) by the date the distribution is scheduled to be made, ~~(1)~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; ~~or~~

(2) *by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; or*

~~(2)~~ **(3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).**

The auditor of state shall consider the provision of information referred to in this subsection to be untimely if the department

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1 notifies the auditor of state in writing that information provided is
 2 inaccurate, incomplete, or, with respect to information referred to
 3 in subdivisions (1) and (2), not in the form required by the
 4 department of local government finance. The withholding under
 5 this subsection of two percent (2%) of money otherwise
 6 distributable under section 10 of this chapter applies separately to
 7 each distribution referred to in section 10(b) of this chapter.

8 (f) Except as provided in subsection (i), if the elected township
 9 assessors in the county, the elected township assessors and the county
 10 assessor, or the county assessor has not transmitted to the department
 11 of local government finance by October 1 of the year in which the
 12 distribution is scheduled to be made the data for all townships in the
 13 county required to be transmitted under IC 6-1.1-4-25(b), the ~~state~~
 14 ~~board or the department auditor of state~~ shall not distribute to the
 15 county treasurer two percent (2%) of the money otherwise
 16 distributable to the county treasurer under subsection subsections
 17 (b) and (c) and section 10 of this chapter. a part of the money
 18 attributable to the county's property reassessment fund. The portion not
 19 distributed is the amount that bears the same proportion to the total
 20 potential distribution as the number of townships in the county for
 21 which data was not transmitted by ~~August + October +~~ as described in
 22 this section bears to the total number of townships in the county.

23 (g) Money not distributed ~~under subsection (e) for the reasons~~
 24 ~~stated in subsection (e)(1), and (e)(2), and (e)(3)~~ shall be distributed
 25 to the county when:

26 (1) the county auditor sends to the department of local
 27 government finance the certified statement required to be sent
 28 under IC 6-1.1-17-1; ~~and~~

29 (2) the county auditor transmits data as required under
 30 IC 36-2-9-20; and

31 (3) the county assessor forwards to the department of local
 32 government finance the approved exemption applications
 33 required to be forwarded under IC 6-1.1-11-8(a);

34 with respect to which the failure to send, **transmit**, or forward resulted
 35 in the withholding of the distribution under subsection (e).

36 (h) Money not distributed under subsection (f) shall be distributed
 37 to the county when the elected township assessors in the county, the
 38 elected township assessors and the county assessor, or the county
 39 assessor transmits to the department of local government finance the
 40 data required to be transmitted under IC 6-1.1-4-25(b) with respect to
 41 which the failure to transmit resulted in the withholding of the
 42 distribution under subsection (f).



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(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

(1) the failure of:

(A) a county auditor to send a certified statement; or

(B) a county assessor to forward copies of all approved exemption applications;

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 28. IC 6-1.1-21-5.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.7. (a) The following definitions apply throughout this section:**

(1) "General reassessment" refers to a general reassessment of real property under IC 6-1.1-4-4.

(2) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(3) "Household income" means the combined adjusted gross income of the qualifying individual and the individual's spouse.

(4) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statements referred to in IC 6-1.1-22-8.

(5) "Qualifying homestead" means a homestead for which:

(A) the amount of the net property tax bill for the tax liability referred to in subdivision (6)(B) is at least two hundred percent (200%) of the amount of the net property tax bill for the tax liability referred to in subdivision (6)(A); and

(B) the difference between:

(i) the assessed value on which the tax liability referred to in subdivision (6)(A) is based; and

(ii) the assessed value on which the tax liability referred to in subdivision (6)(B) is based;

is attributable only to the general reassessment and not to any other factor that affects the assessed value.

(6) "Qualifying individual" means an individual:

(A) who is liable for the payment of property taxes on a

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1 homestead for property taxes first due and payable in
2 2002;

3 (B) who is liable for the payment of property taxes on the
4 homestead for property taxes first due and payable in
5 2004; and

6 (C) whose adjusted gross income for the qualifying
7 individual's most recent taxable year that ends before the
8 date on which the claim is filed under subsection (f) does
9 not exceed forty thousand dollars (\$40,000).

10 (b) In a county in which the county adjusted gross income tax is
11 in effect on January 1, 2004, the county fiscal body may adopt an
12 ordinance before May 1, 2004, to authorize the allowance of the
13 credit under this section for property taxes first due and payable
14 in 2005, property taxes first due and payable in 2006, or both. In
15 a county in which the county adjusted gross income tax is in effect
16 on January 1, 2005, the county fiscal body may adopt an ordinance
17 before April 1, 2005, to authorize the allowance of the credit under
18 this section for property taxes first due and payable in 2006. An
19 ordinance under this subsection to authorize the allowance of the
20 credit under this section is valid only if the county fiscal body
21 concurrently adopts an ordinance under IC 6-3.5-1.1-3.8. Upon
22 adoption of an ordinance to authorize the allowance of the credit
23 under this section, the county fiscal body shall immediately send a
24 certified copy of the ordinance to:

- 25 (1) the county auditor; and
- 26 (2) the department of state revenue.

27 (c) In a county in which the county option income tax is in effect
28 on January 1, 2004, the county income tax council may adopt an
29 ordinance before May 1, 2004, to authorize the allowance of the
30 credit under this section for property taxes first due and payable
31 in 2005, property taxes first due and payable in 2006, or both. In
32 a county in which the county option income tax is in effect on
33 January 1, 2005, the county income tax council may adopt an
34 ordinance before April 1, 2005, to authorize the allowance of the
35 credit under this section for property taxes first due and payable
36 in 2006. An ordinance under this subsection to authorize the
37 allowance of the credit under this section is valid only if the county
38 income tax council concurrently adopts an ordinance under
39 IC 6-3.5-6-9.7. Upon adoption of an ordinance to authorize the
40 allowance of the credit under this section, the county auditor shall
41 immediately send a certified copy of the ordinance to the
42 department of state revenue.

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(d) In a county in which a credit is authorized under subsection (b) or (c), a qualifying individual may receive a credit as provided in subsections (e) through (i) against the net property tax bill with respect to the individual's qualifying homestead for property taxes first due and payable in the year or years specified in the authorizing ordinance. If the qualifying individual resides in the qualifying homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the qualifying homestead.

(e) The amount of the credit for property taxes first due and payable in:

(1) 2005 is one hundred percent (100%); and

(2) 2006 is fifty percent (50%);

of the amount by which the tax liability referred to in subsection (a)(6)(B) exceeds the tax liability referred to in subsection (a)(6)(A).

(f) An individual or an individual and the individual's spouse who desire to claim the credit provided by this section must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the qualifying homestead is located. With respect to real property, the statement must be filed during the twelve (12) months preceding May 11 of the year before the year for which the individual wishes to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months preceding March 2 of the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:

(1) The full name or names and complete address of the qualifying individual or the qualifying individual and the individual's spouse.

(2) A description of the qualifying homestead.

(3) The amount of:

(A) the qualifying individual's adjusted gross income referred to in subsection (a)(6)(C); or

(B) the household income of the qualifying individual and the individual's spouse.

(4) The name of any other county and township in which the qualifying individual or the individual's spouse owns or is buying on contract:

(A) real property; or

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(B) a:

(i) mobile home; or

(ii) manufactured home;

that is not assessed as real property.

(5) The record number and page where the contract or memorandum of the contract is recorded if the qualifying homestead is under contract purchase.

(6) Any other information required by the department of local government finance.

(g) The auditor of a county with whom a statement is filed under subsection (f) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the qualifying individual who claims the credit or the qualifying individual's spouse owns or is buying property located in the other county as described in subsection (f)(4). The auditor of the other county described in subsection (f)(4) shall note on the copy of the statement whether a credit has been claimed under this section for a qualifying homestead located in the auditor's county. The auditor shall then return the copy to the auditor of the first county.

(h) If a proper statement is filed under subsection (f), the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes. The county auditor shall include the amount of the credit applied against each installment of property taxes on the tax statement required under IC 6-1.1-22-8.

(i) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement plus interest at the rate of ten percent (10%) per year to the county auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.

SECTION 29. IC 6-1.1-21-5.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.8. (a) The following definitions apply throughout this section:**

(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

(2) "Dwelling" has the meaning set forth in IC 6-1.1-20.9-1(1).

(3) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(4) "Household income" means the combined adjusted gross income of the qualifying individual and the individual's

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spouse.

(5) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statement referred to in IC 6-1.1-22-8.

(6) "Qualifying homestead" means a homestead:

(A) that a qualifying individual owned; or

(B) on which a qualifying individual assumed liability for the payment of property taxes;

at least five (5) years before the assessment date for the homestead in the year for which the individual wishes to obtain the credit under this section and that has an assessed value of not more than one hundred fifty thousand dollars (\$150,000) as of the assessment date for the homestead in the year that immediately precedes the year for which the individual wishes to obtain the credit under this section.

(7) "Qualifying individual" means an individual who is liable for the payment of property taxes on a qualifying homestead.

(8) "Taxable year" has the meaning set forth in IC 6-3-1-16.

(b) In a county in which the county adjusted gross income tax is in effect on January 1, the county fiscal body may adopt an ordinance before May 1, 2004, or before April 1 of any following year to authorize the allowance of the credit under this section for property taxes first due and payable in the immediately following calendar year. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county fiscal body concurrently adopts an ordinance under IC 6-3.5-1.1-3.8. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county fiscal body shall immediately send a certified copy of the ordinance to:

(1) the county auditor; and

(2) the department of state revenue.

(c) In a county in which the county option income tax is in effect on January 1, the county income tax council may adopt an ordinance before May 1, 2004, or before April 1 of any following year to authorize the allowance of the credit under this section for property taxes first due and payable in the immediately following calendar year. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county income tax council concurrently adopts an ordinance under IC 6-3.5-6-9.7. Upon adoption of an ordinance to authorize the

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allowance of the credit under this section, the county auditor shall immediately send a certified copy of the ordinance to the department of state revenue.

(d) Except as provided in subsection (e), in a county in which a credit is authorized under subsection (b) or (c), each year a qualifying individual may receive a credit against the net property tax bill on the individual's qualifying homestead. The amount of the credit to which a qualifying individual is entitled equals the lesser of fifty percent (50%) of the amount of the net property tax bill on the individual's qualifying homestead or the remainder of:

(1) the amount of the net property tax bill without the application of the credit provided by this section; minus

(2) the following percentage of the qualifying individual's adjusted gross income for the qualifying individual's most recent taxable year that ends before the date on which the claim is filed under subsection (f):

(A) Ten percent (10%) if the adjusted gross income is less than twenty thousand dollars (\$20,000).

(B) Four percent (4%) if the adjusted gross income is at least twenty thousand dollars (\$20,000) but less than fifty thousand dollars (\$50,000).

(e) If the qualifying individual resides in the qualifying homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the qualifying homestead. The amount of the credit is determined under subsection (b), except that the household income is substituted for the qualifying individual's adjusted gross income.

(f) An individual or an individual and the individual's spouse who desire to claim the credit provided by this section must file a certified statement in duplicate on forms prescribed by the department of local government finance with the auditor of the county in which the qualifying homestead is located. With respect to real property, the statement must be filed during the twelve (12) months preceding May 11 of the year before the year for which the individual wishes to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months preceding March 2 of the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:

(1) The full name or names and complete address of the

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1 qualifying individual or the qualifying individual and the
2 individual's spouse.

3 (2) A description of the qualifying homestead.

4 (3) The amount of:

5 (A) the qualifying individual's adjusted gross income
6 referred to in subsection (d)(2); or

7 (B) if subsection (e) applies, the household income referred
8 to in subsection (e) of the qualifying individual and the
9 individual's spouse.

10 (4) The name of any other county and township in which the
11 qualifying individual or the individual's spouse owns or is
12 buying on contract:

13 (A) real property; or

14 (B) a:

15 (i) mobile home; or

16 (ii) manufactured home;

17 that is not assessed as real property.

18 (5) The record number and page where the contract or
19 memorandum of the contract is recorded if the qualifying
20 homestead is under contract purchase.

21 (6) Any other information required by the department of local
22 government finance.

23 (g) The auditor of a county with whom a statement is filed under
24 subsection (f) shall immediately prepare and transmit a copy of the
25 statement to the auditor of any other county if the qualifying
26 individual who claims the credit or the qualifying individual's
27 spouse owns or is buying property located in the other county as
28 described in subsection (f)(4). The auditor of the other county
29 described in subsection (f)(4) shall note on the copy of the
30 statement whether a credit has been claimed under this section for
31 a qualifying homestead located in the auditor's county. The auditor
32 shall then return the copy to the auditor of the first county.

33 (h) If a proper statement is filed under subsection (f), the county
34 auditor shall allow the credit and shall apply the credit equally
35 against each installment of property taxes. The county auditor
36 shall include the amount of the credit applied against each
37 installment of property taxes on the tax statement required under
38 IC 6-1.1-22-8.

39 (i) If an individual knowingly or intentionally files a false
40 statement under this section, the individual must pay the amount
41 of any credit the individual received because of the false statement
42 plus interest at the rate of ten percent (10%) per year to the county

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auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.

SECTION 30. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter or who has properly filed for and is entitled to a credit under IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section **other than a refund based on the credit under section 5.7 or 5.8 of this chapter** shall be paid that refund from proceeds of the property tax replacement fund. However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these refunds and for the payments thereof, as provided for in this section, which procedure is the exclusive procedure for the processing of the refunds. The procedure shall, however, require the filing of claims for the refunds by not later than June 1 of the year following the payment of the taxes to which the credit applied.

SECTION 31. IC 6-1.1-22.5-8, AS ADDED BY P.L.1-2004, SECTION 37, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. A provisional statement must:

- (1) be on a form approved by the state board of accounts;
- (2) except as provided in emergency rules adopted under section 20 of this chapter, indicate tax liability in the amount of ninety percent (90%) of the tax liability that was payable in the same year as the assessment date for the property for which the provisional statement is issued;
- (3) indicate:

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- 1 (A) that the tax liability under the provisional statement is
 2 determined as described in subdivision (2); and
 3 (B) that property taxes billed on the provisional statement:
 4 (i) are due and payable in the same manner as property taxes
 5 billed on a tax statement under IC 6-1.1-22-8; and
 6 (ii) will be credited against a reconciling statement;
 7 (4) include **a statement in the following statement: or a**
 8 **substantially similar form, as determined by the department**
 9 **of local government finance:**
 10 "Under Indiana law, _____ County (insert county) has elected
 11 to send provisional statements because the county did not
 12 complete the abstract of the property, assessments, taxes,
 13 deductions, and exemptions for taxes payable in (insert year) in
 14 each taxing district before March 16, (insert year). The statement
 15 is due to be paid in installments on May 10 and November 10.
 16 The statement is based on ninety percent (90%) of your tax
 17 liability for taxes payable in (insert year), subject to adjustment
 18 for any new construction on your property **or any damage to**
 19 **your property.** After the abstract of property is complete, you
 20 will receive a reconciling statement in the amount of your actual
 21 tax liability for taxes payable in (insert year), minus the amount
 22 you pay under this provisional statement.";
 23 (5) indicate **that** liability for:
 24 (A) delinquent:
 25 (i) taxes; and
 26 (ii) special assessments;
 27 (B) penalties; and
 28 (C) interest;
 29 is allowed to appear on the tax statement under IC 6-1.1-22-8 for
 30 the May installment of property taxes in the year in which the
 31 provisional tax statement is issued; and
 32 (6) include any other information the county treasurer requires.
 33 SECTION 32. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002,
 34 SECTION 244, IS AMENDED TO READ AS FOLLOWS
 35 [EFFECTIVE UPON PASSAGE]: Sec. 9. In order to perform the duties
 36 assigned to it under this chapter, the department of local government
 37 finance:
 38 (1) shall conduct continuing studies of all property which is
 39 subject to assessment in this state;
 40 (2) may request access to all local and state official records;
 41 (3) may secure information from the federal government or from
 42 public or private agencies;

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1 (4) **may:**

2 (A) **contract with; and**

3 (B) **rely on findings made by:**

4 **the Indiana Fiscal Policy Institute and professional**
 5 **appraisers;**

6 (5) may inspect a person's books, records, or property if the item
 7 is relevant to information which the department needs in order to
 8 implement this chapter; and

9 ~~(5)~~ (6) may adopt appropriate forms and procedures.

10 SECTION 33. IC 6-3-1-3.5, AS AMENDED BY P.L.1-2004,
 11 SECTION 49, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 12 JANUARY 1, 2004 (RETROACTIVE)]: Sec. 3.5. When used in this
 13 article, the term "adjusted gross income" shall mean the following:

14 (a) In the case of all individuals, "adjusted gross income" (as
 15 defined in Section 62 of the Internal Revenue Code), modified as
 16 follows:

17 (1) Subtract income that is exempt from taxation under this article
 18 by the Constitution and statutes of the United States.

19 (2) Add an amount equal to any deduction or deductions allowed
 20 or allowable pursuant to Section 62 of the Internal Revenue Code
 21 for taxes based on or measured by income and levied at the state
 22 level by any state of the United States.

23 (3) Subtract one thousand dollars (\$1,000), or in the case of a
 24 joint return filed by a husband and wife, subtract for each spouse
 25 one thousand dollars (\$1,000).

26 (4) Subtract one thousand dollars (\$1,000) for:

27 (A) each of the exemptions provided by Section 151(c) of the
 28 Internal Revenue Code;

29 (B) each additional amount allowable under Section 63(f) of
 30 the Internal Revenue Code; and

31 (C) the spouse of the taxpayer if a separate return is made by
 32 the taxpayer and if the spouse, for the calendar year in which
 33 the taxable year of the taxpayer begins, has no gross income
 34 and is not the dependent of another taxpayer.

35 (5) Subtract:

36 (A) one thousand five hundred dollars (\$1,500) for each of the
 37 exemptions allowed under Section 151(c)(1)(B) of the Internal
 38 Revenue Code for taxable years beginning after December 31,
 39 1996; and

40 (B) five hundred dollars (\$500) for each additional amount
 41 allowable under Section 63(f)(1) of the Internal Revenue Code
 42 if the adjusted gross income of the taxpayer, or the taxpayer

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- 1 and the taxpayer's spouse in the case of a joint return, is less
- 2 than forty thousand dollars (\$40,000).
- 3 This amount is in addition to the amount subtracted under
- 4 subdivision (4).
- 5 (6) Subtract an amount equal to the lesser of:
- 6 (A) that part of the individual's adjusted gross income (as
- 7 defined in Section 62 of the Internal Revenue Code) for that
- 8 taxable year that is subject to a tax that is imposed by a
- 9 political subdivision of another state and that is imposed on or
- 10 measured by income; or
- 11 (B) two thousand dollars (\$2,000).
- 12 (7) Add an amount equal to the total capital gain portion of a
- 13 lump sum distribution (as defined in Section 402(e)(4)(D) of the
- 14 Internal Revenue Code) if the lump sum distribution is received
- 15 by the individual during the taxable year and if the capital gain
- 16 portion of the distribution is taxed in the manner provided in
- 17 Section 402 of the Internal Revenue Code.
- 18 (8) Subtract any amounts included in federal adjusted gross
- 19 income under Section 111 of the Internal Revenue Code as a
- 20 recovery of items previously deducted as an itemized deduction
- 21 from adjusted gross income.
- 22 (9) Subtract any amounts included in federal adjusted gross
- 23 income under the Internal Revenue Code which amounts were
- 24 received by the individual as supplemental railroad retirement
- 25 annuities under 45 U.S.C. 231 and which are not deductible under
- 26 subdivision (1).
- 27 (10) Add an amount equal to the deduction allowed under Section
- 28 221 of the Internal Revenue Code for married couples filing joint
- 29 returns if the taxable year began before January 1, 1987.
- 30 (11) Add an amount equal to the interest excluded from federal
- 31 gross income by the individual for the taxable year under Section
- 32 128 of the Internal Revenue Code if the taxable year began before
- 33 January 1, 1985.
- 34 (12) Subtract an amount equal to the amount of federal Social
- 35 Security and Railroad Retirement benefits included in a taxpayer's
- 36 federal gross income by Section 86 of the Internal Revenue Code.
- 37 (13) In the case of a nonresident taxpayer or a resident taxpayer
- 38 residing in Indiana for a period of less than the taxpayer's entire
- 39 taxable year, the total amount of the deductions allowed pursuant
- 40 to subdivisions (3), (4), (5), and (6) shall be reduced to an amount
- 41 which bears the same ratio to the total as the taxpayer's income
- 42 taxable in Indiana bears to the taxpayer's total income.

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(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

(17) Subtract an amount equal to the lesser of:

(A) ~~for a taxable year:~~

~~(i) including any part of 2004, the amount determined under subsection (f); and~~

~~(ii) beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or~~

(B) the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

(18) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

(19) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

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(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

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(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k)(2)(C)(iii) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(f) This subsection applies only to the extent that an individual paid property taxes in 2004 that were imposed for the March 1, 2002, assessment date or the January 15, 2003, assessment date. The maximum amount of the deduction under subsection (a)(17) is equal to the amount determined under STEP FIVE of the following formula:

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STEP ONE: Determine the amount of property taxes that the taxpayer paid after December 31, 2003, in the taxable year for property taxes imposed for the March 1, 2002, assessment date and the January 15, 2003, assessment date.

STEP TWO: Determine the amount of property taxes that the taxpayer paid in the taxable year for the March 1, 2003, assessment date and the January 15, 2004, assessment date.

STEP THREE: Determine the result of the STEP ONE amount divided by the STEP TWO amount.

STEP FOUR: Multiply the STEP THREE amount by two thousand five hundred dollars (\$2,500).

STEP FIVE: Determine the sum of the STEP THREE amount and two thousand five hundred dollars (\$2,500).

SECTION 34. IC 6-3.5-1.1-2, AS AMENDED BY P.L.42-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, or 3.6, **or 3.8** of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. **Except as provided in subsection (g) and subject to section 3.1 of this chapter**, if the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this year."

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(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15, 1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

(g) The county council may adopt an ordinance to decrease the county adjusted gross income tax rate by an increment up to one-fourth of one percent (0.25%) after January 1 but before April 1 of the calendar year that immediately precedes the first calendar year in which the allowance of credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both is discontinued.

SECTION 35. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.170-2002, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) **Except as provided in subsections (b) and (g),** the county council may decrease the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To decrease the rate, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate decrease takes effect July 1 of this year."

(b) A county council may not decrease the county adjusted gross income tax rate if the county or any commission, board, department, or authority that is authorized by statute to pledge the county adjusted gross income tax has pledged the county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on

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ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) Notwithstanding IC 6-3.5-7, and except as provided in subsection (f), a county council that decreases the county adjusted gross income tax rate in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

(f) This subsection applies only to a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000). The county council may adopt or increase the county economic development income tax rate under IC 6-3.5-7 in the same year that the county council decreases the county adjusted gross income tax rate if the county economic development income tax rate plus the county adjusted gross income tax rate in effect after the county council decreases the county adjusted gross income tax rate is less than the county adjusted gross income tax rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

(g) A county council may not decrease the county adjusted gross income tax rate in a calendar year to a rate that is insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both that are in effect for the immediately following calendar year as provided in section 3.8 of this chapter.

SECTION 36. IC 6-3.5-1.1-3.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.8. (a) In addition to the rates permitted by section 2 of this chapter, a county council that adopts an ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both must impose the county adjusted gross income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers to fund those credits. A county council may adopt an ordinance under this subsection during the same period in which the county council may adopt an ordinance under section 2(c) of this chapter.**

(b) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

(1) must be used as described in section 10(e) of this chapter to the extent necessary to fund the credits referred to in subsection (a); and

(2) may be used, to the extent the revenues are not necessary to fund the credits referred to in subsection (a), in the same

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manner that certified shares are used.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 37. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) **Except as provided in subsections (e) and (f)**, the county adjusted gross income tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (e), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax after January 1 but before June 1 of a year.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

(f) A county council may not rescind the county adjusted gross income tax in a calendar year if credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the immediately following calendar year.

SECTION 38. IC 6-3.5-1.1-9, AS AMENDED BY P.L.267-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency,

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1 determines has been:

- 2 (1) received from that county for a taxable year ending before the
 3 calendar year in which the determination is made; and
 4 (2) reported on an annual return or amended return processed by
 5 the department in the state fiscal year ending before July 1 of the
 6 calendar year in which the determination is made;

7 as adjusted (as determined after review of the recommendation of the
 8 budget agency) for refunds of county adjusted gross income tax made
 9 in the state fiscal year.

10 (b) Before August 2 of each calendar year, the department, after
 11 reviewing the recommendation of the budget agency, shall certify to the
 12 county auditor of each adopting county the amount determined under
 13 subsection (a) plus the amount of interest in the county's account that
 14 has accrued and has not been included in a certification made in a
 15 preceding year. The amount certified is the county's "certified
 16 distribution" for the immediately succeeding calendar year. The amount
 17 certified shall be adjusted under subsections (c), (d), (e), (f), and (g).
 18 The department shall provide with the certification an informative
 19 summary of the calculations used to determine the certified
 20 distribution.

21 (c) The department shall certify an amount less than the amount
 22 determined under subsection (b) if the department, after reviewing the
 23 recommendation of the budget agency, determines that the reduced
 24 distribution is necessary to offset overpayments made in a calendar
 25 year before the calendar year of the distribution. The department, after
 26 reviewing the recommendation of the budget agency, may reduce the
 27 amount of the certified distribution over several calendar years so that
 28 any overpayments are offset over several years rather than in one (1)
 29 lump sum.

30 (d) The department, after reviewing the recommendation of the
 31 budget agency, shall adjust the certified distribution of a county to
 32 correct for any clerical or mathematical errors made in any previous
 33 certification under this section. The department, after reviewing the
 34 recommendation of the budget agency, may reduce the amount of the
 35 certified distribution over several calendar years so that any adjustment
 36 under this subsection is offset over several years rather than in one (1)
 37 lump sum.

38 (e) The department, after reviewing the recommendation of the
 39 budget agency, shall adjust the certified distribution of a county to
 40 provide the county with the distribution required under section 10(b)
 41 of this chapter.

42 (f) This subsection applies to a county that initially imposes a tax

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under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 **or 3.8** of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 **or 3.8** of this chapter is initially collected.

SECTION 39. IC 6-3.5-1.1-10, AS AMENDED BY P.L.42-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in ~~subsection~~ **subsections (b) and (e)** one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax

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1 replacement credits under section 11 of this chapter shall be set aside
 2 and treated for the calendar year when received by the civil taxing unit
 3 or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or
 4 IC 6-1.1-19-1.7. Certified distributions made to the county treasurer for
 5 calendar years following the eighteen (18) month period described in
 6 this subsection shall be made as provided in subsection (a).

7 (c) Except for:

8 (1) revenue that must be used to pay the costs of operating a jail
 9 and juvenile detention center under section 2.5(d) of this chapter;

10 (2) revenue that must be used to pay the costs of:

11 (A) financing, constructing, acquiring, improving, renovating,
 12 or equipping facilities and buildings;

13 (B) debt service on bonds; or

14 (C) lease rentals;

15 under section 2.8 of this chapter;

16 (3) revenue that must be used to pay the costs of construction,
 17 improvement, renovation, or remodeling of a jail and related
 18 buildings and parking structures under section 2.7 2.9, or 3.3 of
 19 this chapter;

20 (4) revenue that must be used to pay the costs of operating and
 21 maintaining a jail and justice center under section 3.5(d) of this
 22 chapter; or

23 (5) revenue that must be used to pay the costs of constructing,
 24 acquiring, improving, renovating, or equipping a county
 25 courthouse under section 3.6 of this chapter;

26 distributions made to a county treasurer under subsections (a) and (b)
 27 shall be treated as though they were property taxes that were due and
 28 payable during that same calendar year. Except as provided by
 29 subsection (b), the certified distribution shall be distributed and used
 30 by the taxing units and school corporations as provided in sections 11
 31 through 15 of this chapter.

32 (d) All distributions from an account established under section 8 of
 33 this chapter shall be made by warrants issued by the auditor of the state
 34 to the treasurer of the state ordering the appropriate payments.

35 **(e) The county auditor shall retain from the payments of the**
 36 **county's certified distribution an amount equal to the revenue lost,**
 37 **if any, due to the allowance of credits under IC 6-1.1-21-5.7,**
 38 **IC 6-1.1-21-5.8, or both within the county as described in section**
 39 **3.8 of this chapter. This money shall be distributed to the civil**
 40 **taxing units and school corporations of the county as though the**
 41 **money were derived from property tax collections and in such a**
 42 **manner that no civil taxing unit or school corporation shall suffer**

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a net revenue loss due to that allowance.

SECTION 40. IC 6-3.5-1.1-11, AS AMENDED BY P.L.267-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(6) revenue that must be used to fund credits under section 3.8 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

| COUNTY | PROPERTY TAX | |
|--------------------------------|---------------------|------------------|
| ADJUSTED GROSS INCOME TAX RATE | REPLACEMENT CREDITS | CERTIFIED SHARES |

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|---|-------|---------|---------|
| 1 | 0.5% | 50% | 50% |
| 2 | 0.75% | 33 1/3% | 66 2/3% |
| 3 | 1% | 25% | 75% |

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 41. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by the civil taxing unit or school corporation ~~during that in the~~ immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year, plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during ~~that the immediately preceding~~ calendar year to the extent that they ~~are were~~ used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by all civil taxing units and school corporations in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year, plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they ~~are were~~ used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5

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1 for that same calendar year.

2 (c) The department of local government finance shall provide each
3 county auditor with the amount of property tax replacement credits that
4 each civil taxing unit and school corporation in the auditor's county is
5 entitled to receive. The county auditor shall then certify to each civil
6 taxing unit and school corporation the amount of property tax
7 replacement credits it is entitled to receive (after adjustment made
8 under section 13 of this chapter) during that calendar year. The county
9 auditor shall also certify these distributions to the county treasurer.

10 SECTION 42. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003,
11 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
12 UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed
13 levy" of a civil taxing unit means the sum of:

14 (1) the ad valorem property tax levy of the civil taxing unit that is
15 ~~currently being~~ **was certified to be** collected at the time the
16 ~~allocation is made;~~ **in the immediately preceding calendar year,**
17 **as provided in the approved abstract for the immediately**
18 **preceding calendar year;** plus

19 (2) the ~~current~~ ad valorem property tax levy **in the immediately**
20 **preceding calendar year, as provided in the approved abstract**
21 **for the immediately preceding calendar year,** of any special
22 taxing district, authority, board, or other entity formed to
23 discharge governmental services or functions on behalf of or
24 ordinarily attributable to the civil taxing unit; plus

25 (3) the amount of federal revenue sharing funds and certified
26 shares that were used by the civil taxing unit (or any special
27 taxing district, authority, board, or other entity formed to
28 discharge governmental services or functions on behalf of or
29 ordinarily attributable to the civil taxing unit) to reduce its ad
30 valorem property tax levies below the limits imposed by
31 IC 6-1.1-18.5; plus

32 (4) in the case of a county, an amount equal to the property taxes
33 imposed by the county in 1999 for the county's welfare fund and
34 welfare administration fund.

35 (b) The part of a county's certified distribution that is to be used as
36 certified shares shall be allocated only among the county's civil taxing
37 units. Each civil taxing unit of a county is entitled to receive a
38 percentage of the certified shares to be distributed in the county equal
39 to the ratio of its attributed levy to the total attributed levies of all civil
40 taxing units of the county.

41 (c) The local government tax control board established by
42 IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing

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units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 43. IC 6-3.5-6-2, AS AMENDED BY P.L.267-2003, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) increase the homestead credit in its county; ~~or~~
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county; ~~or~~
- (7) impose a county option income tax rate under section 9.7 of this chapter.**

(c) An ordinance adopted in a particular year under this chapter to impose or rescind the county option income tax or to increase its tax rate is effective July 1 of that year.

SECTION 44. IC 6-3.5-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or~~ 2(b)(6), **or 2(b)(7)** of this

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chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or 2(b)(6)~~, **or 2(b)(7)** of this chapter has been passed, the auditor of the county shall:

- (1) cease distributing proposed ordinances of those types for the rest of the year; and
- (2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the auditor of the county on proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect.

SECTION 45. IC 6-3.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that same year.

(b) **Subject to section 9.7 of this chapter**, the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must, after January 1 but before April 1 of the year, pass an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of _____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) on all other county taxpayers. This tax takes effect July 1 of this year."

(d) If the county option income tax is imposed on the county taxpayers of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding July 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect **under this section**

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for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed **under this section** upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 46. IC 6-3.5-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on January 1 of a calendar year the county option income tax rate **imposed under section 8 of this chapter** in effect for resident county taxpayers equals six tenths of one percent (0.6%), then the county income tax council of that county may after January 1 and before April 1 of that year pass an ordinance to increase its tax rate **imposed under section 8 of this chapter** for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers **imposed under section 8 of this chapter** increases by one tenth of one percent (0.1%) each succeeding July 1 until its rate reaches a maximum of one percent (1%).

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 47. IC 6-3.5-6-9.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9.7. (a) In addition to the rates permitted by section 8 of this chapter, a county income tax council that adopts an ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both must impose the county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers to fund those credits. A county income tax council may adopt an ordinance under this subsection during the same period in which the county income tax council may adopt an ordinance under section 8(c) of this chapter.

(b) County option income tax revenues derived from the tax rate imposed under this section:

(1) must be retained and used as described in section 18(b) of this chapter to the extent necessary to fund the credits referred to in subsection (a); and

(2) may be used, to the extent the revenues are not necessary to fund the credits referred to in subsection (a), in the same manner that other county option income tax revenue is used.

(c) The auditor of a county shall record all votes taken on

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ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 48. IC 6-3.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.

(b) Subject to ~~subsection~~ **subsections (c) and (e)**, the county income tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after January 1 but before April 1 of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county income tax council may not rescind the county option income tax in a calendar year if credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the immediately following calendar year.

SECTION 49. IC 6-3.5-6-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) **Except as provided in subsection (g)**, the county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance after January 1 but before April 1 of a year. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (____ %) to _____ percent (____ %). This ordinance takes effect July 1 of this year."

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose

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permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect July 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

(g) A county income tax council may not decrease the county option income tax rate in a calendar year to a rate that is insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both that are in effect for the immediately following calendar year as provided in section 9.7 of this chapter.

SECTION 50. IC 6-3.5-6-17, AS AMENDED BY P.L.267-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

(1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), and

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(e), **and (i).** The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that initially imposed a tax under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to

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1 provide the county with the distribution required under section 9.7
 2 of this chapter beginning not later than the sixth month after the
 3 month in which additional revenue from the tax authorized under
 4 section 9.7 of this chapter is initially collected.

5 SECTION 51. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003,
 6 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 7 UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives
 8 under this chapter shall be used to:

9 (1) replace the amount, if any, of property tax revenue lost due to
 10 the allowance of:

11 (A) an increased homestead credit;

12 (B) credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both;
 13 within the county;

14 (2) fund the operation of a public communications system and
 15 computer facilities district as provided in an election, if any, made
 16 by the county fiscal body under IC 36-8-15-19(b);

17 (3) fund the operation of a public transportation corporation as
 18 provided in an election, if any, made by the county fiscal body
 19 under IC 36-9-4-42;

20 (4) make payments permitted under IC 36-7-15.1-17.5;

21 (5) make payments permitted under subsection (i); and

22 (6) make distributions of distributive shares to the civil taxing
 23 units of a county.

24 (b) The county auditor shall retain from the payments of the county's
 25 certified distribution, an amount equal to the revenue lost, if any, due
 26 to the ~~increase allowance of the homestead credits or an increased~~
 27 ~~credit within the county as described in subsection (a)(1).~~ This money
 28 shall be distributed to the civil taxing units and school corporations of
 29 the county as though ~~they were the money were derived from~~
 30 ~~property tax collections and in such a manner that no civil taxing unit~~
 31 ~~or school corporation shall suffer a net revenue loss due to the that~~
 32 ~~allowance. of an increased homestead credit.~~

33 (c) The county auditor shall retain the amount, if any, specified by
 34 the county fiscal body for a particular calendar year under subsection
 35 (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the
 36 county's certified distribution for that same calendar year. The county
 37 auditor shall distribute amounts retained under this subsection to the
 38 county.

39 (d) All certified distribution revenues that are not retained and
 40 distributed under subsections (b) and (c) shall be distributed to the civil
 41 taxing units of the county as distributive shares.

42 (e) The amount of distributive shares that each civil taxing unit in

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a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** the civil taxing unit ~~during in~~ **the immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding~~ **calendar year**, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** all civil taxing units of the county during the **immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding~~ **calendar year**, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

(1) The amount to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by

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the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 52. IC 6-3.5-7-5, AS AMENDED BY P.L.224-2003, SECTION 254, AND AS AMENDED BY P.L.42-2003, SECTION 5, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), ~~and~~ (p), and (r) the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

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(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), ~~or~~ (p), **or (t)**, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), ~~or~~ (p), **or (t)**, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five

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hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or

(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);

except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths

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percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

(B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified

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distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(r) This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

- (1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and*
- (2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.*

~~(s)~~ **(s)** Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) Limitations in this section on the combined county adjusted gross income tax and county option income tax rate do not apply to the imposition of:

- (1) a county adjusted gross income tax rate under IC 6-3.5-1.1-3.8; or**
- (2) a county option income tax rate under IC 6-3.5-6-9.7.**

SECTION 53. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Subject to section 5(t) of this chapter**, the body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate increase (decrease) takes

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effect July 1 of this year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 54. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003, SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, ~~and 26~~, and 27 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that ~~are first due and payable to were certified to be collected by~~ the county, city, or town during the ~~immediately preceding~~ calendar year, ~~in which the month falls~~; **as provided in the approved abstract for the immediately preceding calendar year**; plus

(B) For a county, an amount equal to

~~(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~
~~(ii) after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to were certified to be collected by~~ the county and all cities and towns of the county during the ~~immediately preceding~~ calendar year, ~~in which the month falls~~; **as provided in the approved abstract for the**

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1 **immediately preceding calendar year**, plus an amount equal to
 2 the property taxes imposed by the county in 1999 for the county's
 3 welfare fund and welfare administration fund. *and after*
 4 *December 31, 2004, the greater of zero (0) or the difference*
 5 *between the county hospital care for the indigent property tax*
 6 *levy imposed by the county in 2004, adjusted each year after*
 7 *2004 by the statewide average assessed value growth quotient*
 8 *described in IC 12-16-14-3, minus the current uninsured parents*
 9 *program property tax levy imposed by the county.*

10 (c) This subsection applies to a county council or county income tax
 11 council that imposes a tax under this chapter after June 1, 1992. The
 12 body imposing the tax may adopt an ordinance before July 1 of a year
 13 to provide for the distribution of certified distributions under this
 14 subsection instead of a distribution under subsection (b). The following
 15 apply if an ordinance is adopted under this subsection:

- 16 (1) The ordinance is effective January 1 of the following year.
 17 (2) Except as provided in sections 25 and 26 of this chapter, the
 18 amount of the certified distribution that the county and each city
 19 and town in the county is entitled to receive during May and
 20 November of each year equals the product of:

21 (A) the amount of the certified distribution for the month;
 22 multiplied by

23 (B) a fraction. For a city or town, the numerator of the fraction
 24 equals the population of the city or the town. For a county, the
 25 numerator of the fraction equals the population of the part of
 26 the county that is not located in a city or town. The
 27 denominator of the fraction equals the sum of the population
 28 of all cities and towns located in the county and the population
 29 of the part of the county that is not located in a city or town.

- 30 (3) The ordinance may be made irrevocable for the duration of
 31 specified lease rental or debt service payments.

32 (d) The body imposing the tax may not adopt an ordinance under
 33 subsection (c) if, before the adoption of the proposed ordinance, any of
 34 the following have pledged the county economic development income
 35 tax for any purpose permitted by IC 5-1-14 or any other statute:

- 36 (1) The county.
 37 (2) A city or town in the county.
 38 (3) A commission, a board, a department, or an authority that is
 39 authorized by statute to pledge the county economic development
 40 income tax.

41 (e) The department of local government finance shall provide each
 42 county auditor with the fractional amount of the certified distribution

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that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter.

SECTION 55. IC 20-14-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 14. Review of Budgets of Appointed Boards

Sec. 1. Before an appointed library board described in IC 6-1.1-17-20(a) may impose a property tax levy for the public library for the ensuing calendar year that is more than five percent (5%) greater than the property tax levy for the public library for the current calendar year, the library board shall submit its proposed budget and property tax levy to the appropriate fiscal body under section 2 of this chapter.

Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed budget and property tax levy to the following fiscal body at least fourteen (14) days before the county board of tax adjustment is required to hold budget approval hearings under IC 6-1.1:

(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.

(2) If the library district:

(A) is not described by subdivision (1); and

(B) is located entirely within the boundaries of a township; the fiscal body of the township.

(3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located.

SECTION 56. IC 21-2-11.5-3, AS AMENDED BY P.L.1-2004, SECTION 59, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE DECEMBER 12, 2003 (RETROACTIVE)]: Sec. 3. (a) Subject to

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subsection (b), each school corporation may levy for the calendar year a property tax for the school transportation fund sufficient to pay all operating costs attributable to transportation that:

(1) are not paid from other revenues available to the fund as specified in section 4 of this chapter; and

(2) are listed in section 2(a)(1) through 2(a)(7) of this chapter.

(b) For each year after 2003, the levy for the fund may not exceed the levy for the previous year, as that levy was determined by the department of local government finance in fixing the ~~civil taxing unit's~~ **school corporation's** budget, levy, and rate for that preceding calendar year under IC 6-1.1-17 and after eliminating the effects of temporary excessive levy appeals and any other temporary adjustments made to the levy for the calendar year, multiplied by the assessed value growth quotient determined under STEP FOUR of the following formula:

STEP ONE: For each of the six (6) calendar years immediately preceding the year in which a budget is adopted under IC 6-1.1-17-5 or IC 6-1.1-17-5.6 for part or all of the ensuing calendar year, divide the Indiana nonfarm personal income for the calendar year by the Indiana nonfarm personal income for the calendar year immediately preceding that calendar year, rounding to the nearest one-thousandth (0.001).

STEP TWO: Determine the sum of the STEP ONE results.

STEP THREE: Divide the STEP TWO result by six (6), rounding to the nearest one-thousandth (0.001).

STEP FOUR: Determine the lesser of the following:

(A) The STEP THREE quotient.

(B) One and six-hundredths (1.06).

If the amount levied in a particular year exceeds the amount necessary to cover the costs payable from the fund, the levy in the following year shall be reduced by the amount of surplus money.

(c) Each school corporation may levy for the calendar year a tax for the school bus replacement fund in accordance with the school bus acquisition plan adopted under section 3.1 of this chapter.

(d) The tax rate and levy for each fund shall be established as a part of the annual budget for the calendar year in accord with IC 6-1.1-17.

SECTION 57. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. If a computation under this chapter results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

(1) If it is a tax rate calculation, to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent (~~\$0.0001~~; **(\$0.000001)**).

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(2) If it is a tuition support calculation, to the nearest cent (\$0.01).

(3) If it is a calculation not covered by subdivision (1) or (2), to the nearest ten-thousandth (.0001).

SECTION 58. IC 36-2-9-20, AS AMENDED BY P.L.245-2003, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. The county auditor shall:

(1) maintain an electronic data file of the information contained on the tax duplicate for all:

(A) parcels; and

(B) personal property returns;

for each township in the county as of each assessment date;

(2) maintain the file in the form required by:

(A) the legislative services agency; and

(B) the department of local government finance; and

(3) transmit **to the legislative services agency and the department of local government finance** the data in the file with respect to the assessment date of each year **in the form required by the department of local government finance before the later of:**

(A) March 1 of the next year; ~~to:~~

~~(A) the legislative services agency; and~~

~~(B) the department of local government finance; or~~

(B) thirty (30) days after the county mails its initial statement under IC 6-1.1-22-8.

SECTION 59. IC 36-7-30-27, AS AMENDED BY P.L.192-2002(ss), SECTION 186, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 27. (a) As used in this section, "allocation area" has the meaning set forth in section 25 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e) **and except as provided in subsection (h),** each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. **Except as provided in subsection (h),** one-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),

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IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 25 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the military base reuse district and paid into an allocation fund under section 25(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the reuse authority, the municipal legislative body (in the case of a reuse authority established by a municipality) or the county executive (in the case of a reuse authority established by a county) may by resolution provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) If the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or

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1 reduce the credit to a level that creates a reasonable expectation that
 2 the bonds or other obligations will be paid when due. A resolution
 3 adopted under subsection (e) denies or reduces the additional credit for
 4 property taxes first due and payable in the allocation area in any year
 5 following the year in which the resolution is adopted.

6 (g) A resolution adopted under subsection (e) remains in effect until
 7 rescinded by the body that originally adopted the resolution. However,
 8 a resolution may not be rescinded if the rescission would adversely
 9 affect the interests of the holders of bonds or other obligations that are
 10 payable from allocated tax proceeds in that allocation area in a way that
 11 would create a reasonable expectation that the principal of or interest
 12 on the bonds or other obligations would not be paid when due. If a
 13 resolution is rescinded and no other resolution is adopted, the
 14 additional credit described in subsection (c) applies to property taxes
 15 first due and payable in the allocation area in each year following the
 16 year in which the resolution is rescinded.

17 **(h) This subsection applies to an allocation area only to the**
 18 **extent that the net assessed value of property that is assessed as**
 19 **residential property under the rules of the department of local**
 20 **government finance is not included in the base assessed value. If**
 21 **property tax installments with respect to a homestead (as defined**
 22 **in IC 6-1.1-20.9-1) are due in installments established by the**
 23 **department of local government finance under IC 6-1.1-22-9.5,**
 24 **each taxpayer subject to those installments in an allocation area is**
 25 **entitled to an additional credit under subsection (c) for the taxes**
 26 **(as defined in IC 6-1.1-21-2) due in installments. The credit shall be**
 27 **applied in the same proportion to each installment of taxes (as**
 28 **defined in IC 6-1.1-21-2).**

29 SECTION 60. THE FOLLOWING ARE REPEALED [EFFECTIVE
 30 UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8.

31 SECTION 61. P.L.1-2004, SECTION 78, IS REPEALED
 32 [EFFECTIVE DECEMBER 12, 2003 (RETROACTIVE)].

33 SECTION 62. P.L.1-2004, SECTION 68, IS AMENDED TO READ
 34 AS FOLLOWS [EFFECTIVE DECEMBER 12, 2003
 35 (RETROACTIVE)]: SECTION 68. (a) For purposes of this SECTION,
 36 "benefit" means:

- 37 (1) a credit under IC 6-1.1-20.9; or
- 38 (2) a deduction under any of the following:
- 39 IC 6-1.1-12-1
- 40 IC 6-1.1-12-9, as amended by this act
- 41 IC 6-1.1-12-11
- 42 IC 6-1.1-12-13



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1 IC 6-1.1-12-14
 2 IC 6-1.1-12-16
 3 IC 6-1.1-12-17.4.

4 (b) This SECTION applies to an individual who, with respect to a
 5 real property parcel:

6 (1) did not receive a benefit for property taxes first due and
 7 payable in 2003;

8 (2) met the eligibility criteria for the benefit under a section
 9 referred to in subsection (a) for property taxes first due and
 10 payable in 2004; and

11 (3) did not file a timely application as required by law for the
 12 benefit for property taxes first due and payable in 2004.

13 (c) Except as provided in subsection (d), an individual may:

14 (1) claim a benefit referred to in subsection (a)(1) by meeting the
 15 filing requirements of IC 6-1.1-20.9; and

16 (2) claim a benefit referred to in subsection (a)(2) by meeting the
 17 filing requirements of IC 6-1.1-12.

18 (d) The filing requirements for a benefit under this SECTION must
 19 be met **on or** before December 15, 2003.

20 (e) The department of local government finance shall:

21 (1) prescribe forms; or

22 (2) issue instructions for the use of existing forms;
 23 for filing a claim under subsection (c).

24 (f) The county auditor shall determine the individual's eligibility for
 25 a benefit under this SECTION. If the county auditor determines that an
 26 individual is eligible for a benefit under this SECTION for a parcel, the
 27 county auditor shall:

28 (1) apply the benefit with respect to taxes first due and payable in
 29 2004 for the parcel; and

30 (2) before January 1, 2004:

31 (A) send to the department of local government finance a
 32 revised certification under IC 6-1.1-17-1(a) for the county that
 33 reflects:

34 (i) the benefits applied under this SECTION; and

35 (ii) deductions under IC 6-1.1-12-37 applied as described in
 36 subsection (j); and

37 (B) certify to the department of local government finance the
 38 amount of homestead credits allowed in the county under this
 39 SECTION for property taxes first due and payable in 2004.

40 (g) The department of local government finance shall use the
 41 revised certifications received under subsection (f)(2)(A) in the
 42 department's determination of tax rates under IC 6-1.1-17-16 for taxes

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first due and payable in 2004. Notwithstanding IC 6-1.1-17-16(d), the department of local government finance may increase a political subdivision's tax rate to an amount that exceeds the amount originally fixed by the political subdivision based on the revised certification received under subsection (f)(2)(A).

(h) Before March 15, 2004, the auditor of state shall certify the amount of homestead credits referred to in subsection (f)(2)(B) to the department of state revenue. For property taxes first due and payable in 2004, the department of state revenue shall allocate under IC 6-1.1-21-4 from the property tax replacement fund an additional amount equal to the total amount of homestead credits allowed under this SECTION for property taxes first due and payable in 2004. The department of state revenue shall distribute the amount allocated under this subsection in the same manner that other property tax replacement fund distributions are made in 2004.

(i) A statement filed under this SECTION to obtain a benefit for property taxes first due and payable in 2004 applies for that year and any succeeding year for which the benefit is allowed.

(j) Each year a person who is entitled under this SECTION to receive the homestead credit under IC 6-1.1-20.9 for property taxes first due and payable in 2004 is entitled for that year to the deduction under IC 6-1.1-12-37 from the assessed value of the real property that qualifies for the homestead credit.

SECTION 63. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]: (a)

For purposes of this SECTION:

(1) "department" refers to the department of local government finance;

(2) "district" refers to a solid waste management district that has territory in more than one (1) county; and

(3) "2004 levy" refers to the least of:

(A) the district's maximum permissible levy under IC 6-1.1-18.5-3;

(B) the district's advertised levy; and

(C) the district's adopted levy;

for 2003 taxes payable in 2004.

(b) Notwithstanding:

(1) IC 13-21-7; or

(2) any action taken by a county or a district to fix a property tax levy for 2003 taxes payable in 2004;

the department may, for each county that participates in a district, determine under this SECTION the part of the district's property tax levy under IC 13-21-3-12(13) for 2003 taxes payable in 2004 to

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1 be levied in the county.

2 (c) The amount of the part referred to in subsection (b) for a
3 county that participates in a district is the amount that bears the
4 same proportion to the 2004 levy that the certified assessed value
5 of the county as of the 2002 assessment date bears to the total
6 certified assessed value as of the 2002 assessment date of all
7 counties that participate in the district.

8 (d) The department shall use the amount determined under
9 subsection (c) in setting the tax rate of the county.

10 (e) This SECTION expires July 1, 2005.

11 SECTION 64. [EFFECTIVE UPON PASSAGE] (a) For purposes
12 of this SECTION, "department" refers to the department of local
13 government finance.

14 (b) Except as provided in subsection (e), the auditor of state
15 shall not distribute to a county treasurer the part designated under
16 subsection (c) of the money otherwise distributable in July 2004
17 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if
18 before July 1, 2004:

19 (1) the elected township assessors in the county, the elected
20 township assessors and the county assessor, or the county
21 assessor does not transmit to the department the data for all
22 townships in the county required to be transmitted before
23 October 1, 2003, under IC 6-1.1-4-25(b);

24 (2) the county assessor does not forward to the department
25 the duplicate copies of all approved exemption applications
26 required to be forwarded before August 2, 2003, under
27 IC 6-1.1-11-8(a);

28 (3) the county auditor does not send to the department a
29 certified statement required to be sent before August 2, 2003,
30 under IC 6-1.1-17-1 (as in effect before the amendments under
31 this act); or

32 (4) the county auditor does not transmit to the department
33 data required to be transmitted before March 1, 2003, under
34 IC 36-2-9-20 (as in effect before the amendments under this
35 act).

36 (c) The amount of money the auditor of state shall not distribute
37 under subsection (b) equals the product of:

38 (1) two percent (2%); multiplied by

39 (2) the combined amounts of the distributions for March,
40 April, and July of 2004, referred to in IC 6-1.1-21-10(b).

41 (d) Except as provided in subsection (g), the auditor of state
42 shall not distribute to a county treasurer two percent (2%) of the

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1 money otherwise distributable after July 2004 under IC 6-1.1-21-4,
 2 as amended by this act, and IC 6-1.1-21-10 if before the date of
 3 distribution the local officials referred to in subsection (b) have not
 4 provided all the data and information referred to in subsection (b).
 5 The withholding under this subsection applies separately to each
 6 distribution referred to in IC 6-1.1-21-10(b).

7 (e) Amounts withheld from distribution to the county treasurer
 8 under this SECTION are in addition to any amounts withheld from
 9 distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as
 10 amended by this act, before deadlines in 2004 established in those
 11 sections for failure to provide data or information.

12 (f) The auditor of state shall consider the provision of
 13 information referred to in subsection (b) to be untimely if the
 14 department notifies the auditor of state in writing that information
 15 provided is inaccurate, incomplete, or, with respect to information
 16 referred to in subsection (b)(2), not in the form required by the
 17 department.

18 (g) The restrictions on distributions under subsection (b) do not
 19 apply if the department determines that the failure to provide
 20 information as referred to in subsection (b) is justified by unusual
 21 circumstances.

22 (h) When local officials provide the data and information
 23 referred to in subsection (b), money withheld under subsection (b)
 24 shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h),
 25 both as amended by this act.

26 (i) This SECTION expires January 1, 2006.

27 SECTION 65. [EFFECTIVE UPON PASSAGE] (a) The definitions
 28 in IC 6-1.1-1 apply throughout this SECTION.

29 (b) This SECTION applies only to the review or appeal of an
 30 assessment of real property used as residential property on an
 31 assessment date.

32 (c) This subsection applies only if the time in which a taxpayer
 33 is authorized to:

- 34 (1) request a review under IC 6-1.1-15-1 or IC 6-1.1-15-3;
- 35 (2) initiate the informal hearing process under IC 6-1.1-4-33
- 36 or IC 6-1.1-4-36 that is a prerequisite to an appeal under
- 37 IC 6-1.1-4-34 or IC 6-1.1-4-37; or
- 38 (3) initiate an appeal under IC 6-1.1-4-34 or IC 6-1.1-4-37
- 39 after initiating a timely informal hearing process;

40 has elapsed before the effective date of this SECTION, for an
 41 assessment date after February 28, 2002, and before March 1,
 42 2004, and no review or appeal is pending on the effective date of

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1 this SECTION. The taxpayer may request a review or initiate an
 2 appeal under the appropriate provision of law before July 1, 2004,
 3 even if the taxpayer has previously initiated a review or an appeal
 4 for the same assessment date. The review or appeal is limited to
 5 consideration of competent evidence necessary to establish the fair
 6 market value of the property.

7 (d) If a timely initiated review or appeal is pending on the
 8 effective date of this SECTION, a taxpayer may raise the issue of
 9 the fair market value of the property in the review or an appeal
 10 after the effective date of this SECTION without initiating a new
 11 review or appeal.

12 (e) An assessment change that results from a review or an
 13 appeal subject to this SECTION applies to:

14 (1) the assessment date for which the review or an appeal is
 15 initiated; and

16 (2) each subsequent assessment date for which:

17 (A) a new assessment is not determined under IC 6-1.1;
 18 and

19 (B) there is not a review or an appeal of the assessment
 20 under:

21 (i) IC 6-1.1-15, as amended by this act; or

22 (ii) this SECTION.

23 (f) This SECTION expires January 1, 2008.

24 SECTION 66. [EFFECTIVE JULY 1, 2004] IC 6-1.1-19-1.5 and
 25 IC 21-3-1.7-7, both as amended by this act, apply only to property
 26 taxes first due and payable after December 31, 2004.

27 SECTION 67. [EFFECTIVE UPON PASSAGE] The department
 28 of local government finance may adopt temporary rules in the
 29 manner provided for the adoption of emergency rules under
 30 IC 4-22-2-37.1 to implement IC 6-1.1-12.1-15, as added by this act.
 31 A temporary rule adopted under this SECTION expires on the
 32 earliest of the following:

33 (1) The date of adoption under this SECTION of another
 34 temporary rule that supersedes the temporary rule previously
 35 adopted under this SECTION.

36 (2) The date of adoption under IC 4-22-2 of a permanent rule
 37 that supersedes the temporary rule adopted under this
 38 SECTION.

39 (3) January 1, 2006.

40 SECTION 68. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-21,
 41 as added by this act, applies to the calculation of the maximum
 42 permissible ad valorem property tax levies of municipalities for

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ensuing calendar year 2005.

SECTION 69. [EFFECTIVE MAY 10, 2003 (RETROACTIVE)] (a)
The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) Except as provided in subsection (c), a review of an assessment of real property for the 2003 assessment date initiated by a taxpayer after May 10, 2003, and not later than forty-five (45) days after the taxpayer receives a tax statement for the property taxes that are based on the assessment of the real property for the 2003 assessment date, is valid if:

(1) the review:

(A) was initiated before December 12, 2003; and

(B) complied with IC 6-1.1-15-1, as in effect before the amendments made by P.L.1-2004; or

(2) the review:

(A) is initiated after December 11, 2003; and

(B) complies with IC 6-1.1-15-1, as amended by P.L.1-2004;

other than the requirement for initiating the review not later than May 10, 2003.

(c) Subsection (b) does not apply if a notice of a change of assessment for the real property for the 2003 assessment date is given to the taxpayer. In this case, the taxpayer may initiate a review of the 2003 assessment of the real property by complying with IC 6-1.1-15-1, as in effect on the date the notice is given.

(d) Except as provided in subsection (e), a review of an assessment of real property for the 2004 assessment date initiated by a taxpayer after May 10, 2004, and not later than forty-five (45) days after the taxpayer receives a tax statement for the property taxes that are based on the assessment of the real property for the 2004 assessment date is valid if the review complies with IC 6-1.1-15-1, as amended by P.L.1-2004, other than the requirement for initiating the review not later than May 10, 2004.

(e) Subsection (d) does not apply if a notice of a change of assessment for the real property for the 2004 assessment date is given to the taxpayer. In this case, the taxpayer may initiate a review of the 2004 assessment of the real property by complying with IC 6-1.1-15-1, as amended by P.L.1-2004.

SECTION 70. [EFFECTIVE JANUARY 1, 2004 (RETROACTIVE)] (a) The definitions set forth in IC 6-1.1-1 and IC 6-3-1 apply throughout this SECTION.

(b) As used in this SECTION, "deferred property tax payments" means property taxes imposed on an individual's

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principal place of residence for the March 1, 2002, assessment date or the January 15, 2003, assessment date that are paid during calendar year 2004.

(c) An individual who pays deferred property tax payments during a taxable year is entitled to a deduction from adjusted gross income for those payments. The amount of the deduction is the lesser of:

(1) the amount of deferred property payments paid by the individual during the taxable year; or

(2) two thousand five hundred dollars (\$2,500) minus the amount of the deduction, if any, claimed by the individual for the preceding taxable year under IC 6-3-1-3.5(a)(17) for property taxes actually paid by the individual during calendar year 2003.

(d) The deduction provided by this SECTION is in addition to the deduction provided by IC 6-3-1-3.5(a)(17) for other property taxes paid during the same taxable year.

SECTION 71. [EFFECTIVE DECEMBER 12, 2003 (RETROACTIVE)] IC 6-1.1-15-10, as amended by P.L.1-2004, SECTION 17, applies only to property taxes first due and payable after December 31, 2003.

SECTION 72. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-16 and IC 6-1.1-19-4.7, both as amended by this act, apply to property taxes first due and payable after December 31, 2003.

SECTION 73. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION:

(1) "department" refers to the department of local government finance;

(2) "levy" refers to the general fund ad valorem property tax levy;

(3) "municipality" has the meaning set forth in IC 36-1-2-11; and

(4) "rate" refers to the general fund ad valorem property tax rate.

(b) This SECTION applies to a municipality that:

(1) in 2002 received:

(A) a certified distribution of county option income tax revenue that exceeded the estimated collection of revenue determined under IC 6-3.5-6-17(c), as in effect on January 1, 2002; or

(B) a supplemental county option income tax revenue distribution under IC 6-3.5-6-17.3; and

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(2) imposed a levy for taxes first due and payable in 2002 greater than the levy of the municipality for taxes first due and payable in 2003.

(c) A municipality may petition the department before May 1, 2004, to increase the levy of the municipality for taxes first due and payable in 2004.

(d) If at the time the department receives a petition under subsection (c) the department has certified the levy and the rate of the municipality under IC 6-1.1-17-16 for taxes first due and payable in 2004, the department shall recertify for taxes first due and payable in 2004:

(1) the levy of the municipality in an amount equal to the sum of:

(A) the levy certified by the department for the municipality for taxes first due and payable in 2004; plus

(B) the lesser of:

(i) the amount of the excess or supplemental distribution referred to in subsection (b)(1); or

(ii) the remainder of the levy of the municipality for taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and

(2) the rate for the municipality to reflect the increased levy under subdivision (1).

(e) If at the time the department receives a petition under subsection (c) the department has not certified the levy and the rate of the municipality under IC 6-1.1-17-16 for taxes first due and payable in 2004, the department shall certify for taxes first due and payable in 2004:

(1) the levy of the municipality in an amount equal to the sum of:

(A) the maximum permissible levy determined by the department for the municipality under IC 6-1.1-18.5 for taxes first due and payable in 2004; plus

(B) the lesser of:

(i) the amount of the excess or supplemental distribution referred to in subsection (b)(1); or

(ii) the remainder of the levy of the municipality for taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and

(2) the rate for the municipality to reflect the levy under subdivision (1).

(f) This SECTION expires January 1, 2005.

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1 SECTION 74. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:
 2 IC 6-1.1-6.9, as added by this act, applies only to assessment dates
 3 after February 29, 2004, and property taxes first due and payable
 4 after December 31, 2004.

5 SECTION 75. [EFFECTIVE UPON PASSAGE] (a)
 6 Notwithstanding IC 6-3.5-1.1-2, as amended by this act, a county
 7 council may impose a county adjusted gross income tax rate under
 8 IC 6-3.5-1.1-3.8, as added by this act, effective July 1, 2004, by the
 9 adoption of an ordinance before May 1, 2004.

10 (b) This SECTION expires January 1, 2005.

11 SECTION 76. [EFFECTIVE UPON PASSAGE] (a)
 12 Notwithstanding IC 6-3.5-6-2, as amended by this act, a county
 13 income tax council may impose a county option income tax rate
 14 under IC 6-3.5-6-9.7, as added by this act, effective July 1, 2004, by
 15 the adoption of an ordinance before May 1, 2004.

16 (b) Subject to the limitations of IC 6-3.5-6-6, as amended by this
 17 act, the county auditor shall deliver copies of a proposed ordinance
 18 the auditor receives to impose a county option income tax rate
 19 under IC 6-3.5-6-9.7, as added by this act, to all members of the
 20 county income tax council not later than five (5) days after receipt.
 21 Once a member of the county income tax council receives a
 22 proposed ordinance from the auditor of the county under this
 23 subsection, the member shall vote on it not later than fifteen (15)
 24 days after receipt.

25 (c) This SECTION expires January 1, 2005.

26 SECTION 77. [EFFECTIVE UPON PASSAGE] IC 6-1.1-21-5.7
 27 and IC 6-1.1-21-5.8, both as added by this act, apply only to
 28 property taxes first due and payable after December 31, 2004.

29 SECTION 78. An emergency is declared for this act.

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COMMITTEE REPORT

Madam President: The Senate Committee on Finance, to which was referred Senate Bill No. 441, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 27, line 24, delete "2002" and insert "**2003**".

Page 27, line 26, delete "the date of passage of this act;" and insert "**December 12, 2003;**".

Page 27, line 30, delete "the date of passage of this act;" and insert "**December 11, 2003;**".

Page 28, line 3, delete "2003" and insert "**2004**".

Page 28, line 4, delete "this act," and insert "**P.L.1-2004,**".

Page 28, line 10, delete "this act." and insert "**P.L.1-2004.**".

and when so amended that said bill do pass.

(Reference is to SB 441 as introduced.)

BORST, Chairperson

Committee Vote: Yeas 14, Nays 0.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 441, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 4, between lines 31 and 32, begin a new paragraph and insert:

"SECTION 2. IC 6-1.1-1-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 6.5. "Fair market value"** means, for purposes of determining the assessed value of real property used as residential property, the price at which a willing buyer and a willing seller dealing at arm's length would arrive, after negotiation, for a sale of property for the existing use of the property as residential property when neither is acting under compulsion and both have a reasonable knowledge of all the facts that affect value.

SECTION 3. IC 6-1.1-1-8.6 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: **Sec. 8.6. "Low income housing"** means real property that, on an assessment date, is used to obtain or receives any of the following benefits:

- (1) Low income housing credits under Section 42 of the Internal Revenue Code.
- (2) Low interest loans for benefits from the United States Department of Agriculture Rural Housing Section 515 Program.
- (3) Below market, federally insured, or governmental financing for housing, including tax exempt bonds under Section 142 of the Internal Revenue Code for qualified residential rental projects.
- (4) A grant or low interest loan under Section 235 or 236 of the National Housing Act (12 U.S.C. 1715z or 12 U.S.C. 1715z-1) or 42 U.S.C. 1485.
- (5) A government rent subsidy for housing.
- (6) A government guaranteed loan for a housing project.

SECTION 4. IC 6-1.1-1-22.7 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 22.7. "True tax value"** means, for purposes of determining the assessed value of real property used as residential property, an assessed value that does not exceed fair market value.

SECTION 5. IC 6-1.1-4-5, AS AMENDED BY P.L.90-2002,

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SECTION 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) A petition for the reassessment of real property situated within a township may be filed with the department of local government finance on or before March 31st of any year ~~which is not a general election year and~~ in which no general reassessment of real property is made.

(b) The petition ~~for reassessment referred to in subsection (a)~~ must be signed by ~~not less than the following percentage of all the owners of taxable real property who reside in the township:~~

- ~~(1) fifteen percent (15%) for a township which does not contain an incorporated city or town;~~
- ~~(2) five percent (5%) for a township containing all or part of an incorporated city or town which has a population of five thousand (5,000) or less;~~
- ~~(3) four percent (4%) for a township containing all or part of an incorporated city which has a population of more than five thousand (5,000) but not exceeding ten thousand (10,000);~~
- ~~(4) three percent (3%) for a township containing all or part of an incorporated city which has a population of more than ten thousand (10,000) but not exceeding fifty thousand (50,000);~~
- ~~(5) two percent (2%) for a township containing all or part of an incorporated city which has a population of more than fifty thousand (50,000) but not exceeding one hundred fifty thousand (150,000); or~~
- ~~(6) one percent (1%) for a township containing all or part of an incorporated city which has a population of more than one hundred fifty thousand (150,000).~~

at least the lesser of:

- (1) ten (10) owners of real property in a township; or**
- (2) the number of owners of real property in the township that represents owners of one percent (1%) of the assessed value of real property in the township.**

(c) The signatures on the petition **referred to in subsection (a)** must be verified by the oath of one (1) or more of the signers. ~~And, A~~ certificate of the county auditor stating that the signers constitute the required number of resident owners of taxable real property of the township must accompany the petition.

SECTION 6. IC 6-1.1-4-32, AS AMENDED BY P.L.235-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 32. (a) As used in this section, "contract" refers to a contract entered into under this section.

(b) As used in this section, "contractor" refers to a firm that enters

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into a contract with the department of local government finance under this section.

(c) As used in this section, "qualifying county" means a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000).

(d) Notwithstanding sections 15 and 17 of this chapter, a township assessor in a qualifying county may not appraise property, or have property appraised, for the general reassessment of real property to be completed for the March 1, 2002, assessment date. Completion of that general reassessment in a qualifying county is instead governed by this section. The only duty of:

- (1) a township assessor in a qualifying county; or
- (2) a county assessor of a qualifying county;

with respect to that general reassessment is to provide to the department of local government finance or the department's contractor under subsection (e) any support and information requested by the department or the contractor. This subsection expires June 30, 2004.

(e) Subject to section 33 of this chapter, the department of local government finance shall select and contract with a certified public accounting firm with expertise in the appraisal of real property to appraise property for the general reassessment of real property in a qualifying county to be completed for the March 1, 2002, assessment date. The department of local government finance may enter into additional contracts to provide software or other auxiliary services to be used for the appraisal of property for the general reassessment. The contract applies for the appraisal of land and improvements with respect to all classes of real property in the qualifying county. The contract must include:

- (1) a provision requiring the appraisal firm to:
 - (A) prepare a detailed report of:
 - (i) expenditures made after July 1, 1999, and before the date of the report from the qualifying county's reassessment fund under section 28 of this chapter (repealed); and
 - (ii) the balance in the reassessment fund as of the date of the report; and
 - (B) file the report with:
 - (i) the legislative body of the qualifying county;
 - (ii) the prosecuting attorney of the qualifying county;
 - (iii) the department of local government finance; and
 - (iv) the attorney general;
- (2) a fixed date by which the appraisal firm must complete all responsibilities under the contract;

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- (3) subject to subsection (t), a provision requiring the appraisal firm to use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)**;
- (4) a penalty clause under which the amount to be paid for appraisal services is decreased for failure to complete specified services within the specified time;
- (5) a provision requiring the appraisal firm to make periodic reports to the department of local government finance;
- (6) a provision stipulating the manner in which, and the time intervals at which, the periodic reports referred to in subdivision (5) are to be made;
- (7) a precise stipulation of what service or services are to be provided;
- (8) a provision requiring the appraisal firm to deliver a report of the assessed value of each parcel in a township in the qualifying county to the department of local government finance; and
- (9) any other provisions required by the department of local government finance.

After December 31, 2001, the department of local government finance has all the powers and duties of the state board of tax commissioners provided under a contract entered into under this subsection (as effective before January 1, 2002) before January 1, 2002. The contract is valid to the same extent as if it were entered into by the department of local government finance. However, a reference in the contract to the state board of tax commissioners shall be treated as a reference to the department of local government finance. The contract shall be treated for all purposes, including the application of IC 33-3-5-2.5, as the contract of the department of local government finance. If the department of local government finance terminates a contract before completion of the work described in this subsection, the department shall contract for completion of the work as promptly as possible under IC 5-22-6. This subsection expires June 30, 2004.

(f) At least one (1) time each month, the contractors that will make physical visits to the site of real property for reassessment purposes shall publish a notice under IC 5-3-1 describing the areas that are scheduled to be visited within the next thirty (30) days and explaining the purposes of the visit. The notice shall be published in a way to promote understanding of the purposes of the visit in the affected areas. After receiving the report of assessed values from the appraisal firm acting under a contract described in subsection (e), the department of local government finance shall give notice to the taxpayer and the county assessor, by mail, of the amount of the reassessment. The notice

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of reassessment:

- (1) is subject to appeal by the taxpayer under section 34 of this chapter; and
- (2) must include a statement of the taxpayer's rights under sections 33 and 34 of this chapter.

(g) The department of local government finance shall mail the notice required by subsection (f) within ninety (90) days after the department receives the report for a parcel from the professional appraisal firm. This subsection expires June 30, 2004.

(h) The qualifying county shall pay the cost of any contract under this section which shall be without appropriation from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract. However, the maximum amount that the qualifying county is obligated to pay for all contracts entered into under subsection (e) for the general reassessment of real property in the qualifying county to be completed for the March 1, 2002, assessment date is twenty-five million five hundred thousand dollars (\$25,500,000). Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
 - (A) a duplicate copy of the bill submitted to the department of local government finance;
 - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
 - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further

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audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection. This subsection expires June 30, 2004.

(i) Notwithstanding IC 4-13-2, a period of seven (7) days is permitted for each of the following to review and act under IC 4-13-2 on a contract of the department of local government finance under this section:

- (1) The commissioner of the Indiana department of administration.
- (2) The director of the budget agency.
- (3) The attorney general.
- (4) The governor.

(j) With respect to a general reassessment of real property to be completed under section 4 of this chapter for an assessment date after the March 1, 2002, assessment date, the department of local government finance shall initiate a review with respect to the real property in a qualifying county or a township in a qualifying county, or a portion of the real property in a qualifying county or a township in a qualifying county. The department of local government finance may contract to have the review performed by an appraisal firm. The department of local government finance or its contractor shall determine for the real property under consideration and for the qualifying county or township the variance between:

- (1) the total assessed valuation of the real property within the qualifying county or township; and
- (2) the total assessed valuation that would result if the real property within the qualifying county or township were valued in the manner provided by law.

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(k) If:

- (1) the variance determined under subsection (j) exceeds ten percent (10%); and
- (2) the department of local government finance determines after holding hearings on the matter that a special reassessment should be conducted;

the department shall contract for a special reassessment by an appraisal firm to correct the valuation of the property.

(l) If the variance determined under subsection (j) is ten percent (10%) or less, the department of local government finance shall determine whether to correct the valuation of the property under:

- (1) sections 9 and 10 of this chapter; or
- (2) IC 6-1.1-14-10 and IC 6-1.1-14-11.

(m) The department of local government finance shall give notice by mail to a taxpayer of a hearing concerning the department's intent to cause the taxpayer's property to be reassessed under this section. The time fixed for the hearing must be at least ten (10) days after the day the notice is mailed. The department of local government finance may conduct a single hearing under this section with respect to multiple properties. The notice must state:

- (1) the time of the hearing;
- (2) the location of the hearing; and
- (3) that the purpose of the hearing is to hear taxpayers' comments and objections with respect to the department of local government finance's intent to reassess property under this chapter.

(n) If the department of local government finance determines after the hearing that property should be reassessed under this section, the department shall:

- (1) cause the property to be reassessed under this section;
- (2) mail a certified notice of its final determination to the county auditor of the qualifying county in which the property is located; and
- (3) notify the taxpayer by mail of its final determination.

(o) A reassessment may be made under this section only if the notice of the final determination under subsection (m) is given to the taxpayer within the same period prescribed in IC 6-1.1-9-3 or IC 6-1.1-9-4.

(p) If the department of local government finance contracts for a special reassessment of property under this section, the qualifying county shall pay the bill, without appropriation, from the county property reassessment fund. A contractor may periodically submit bills for partial payment of work performed under a contract.

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Notwithstanding any other law, a contractor is entitled to payment under this subsection for work performed under a contract if the contractor:

- (1) submits, in the form required by IC 5-11-10-1, a fully itemized, certified bill for the costs under the contract of the work performed to the department of local government finance for review;
- (2) obtains from the department of local government finance:
 - (A) approval of the form and amount of the bill; and
 - (B) a certification that the billed goods and services billed for payment have been received and comply with the contract; and
- (3) files with the county auditor of the qualifying county:
 - (A) a duplicate copy of the bill submitted to the department of local government finance;
 - (B) the proof of approval provided by the department of local government finance of the form and amount of the bill that was approved; and
 - (C) the certification provided by the department of local government finance that indicates that the goods and services billed for payment have been received and comply with the contract.

An approval and a certification under subdivision (2) shall be treated as conclusively resolving the merits of the claim. Upon receipt of the documentation described in subdivision (3), the county auditor shall immediately certify that the bill is true and correct without further audit, publish the claim as required by IC 36-2-6-3, and submit the claim to the county executive of the qualifying county. The county executive shall allow the claim, in full, as approved by the department of local government finance without further examination of the merits of the claim in a regular or special session that is held not less than three (3) days and not more than seven (7) days after completion of the publication requirements under IC 36-2-6-3. Upon allowance of the claim by the county executive, the county auditor shall immediately issue a warrant or check for the full amount of the claim approved by the department of local government finance. Compliance with this subsection shall be treated as compliance with section 28.5 of this chapter, IC 5-11-6-1, IC 5-11-10, and IC 36-2-6. The determination and payment of a claim in compliance with this subsection is not subject to remonstrance and appeal. IC 36-2-6-4(f) and IC 36-2-6-9 do not apply to a claim under this subsection. IC 5-11-10-1.6(d) applies to a fiscal officer who pays a claim in compliance with this subsection.

(q) A qualifying official (as defined in IC 33-3-5-2.5) shall provide

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information requested in writing by the department of local government finance or the department's contractor under this section not later than seven (7) days after receipt of the written request from the department or the contractor. If a qualifying official (as defined in IC 33-3-5-2.5) fails to provide the requested information within the time permitted in this subsection, the department of local government finance or the department's contractor may seek an order of the tax court under IC 33-3-5-2.5 for production of the information.

(r) The provisions of this section are severable in the manner provided in IC 1-1-1-8(b).

(s) A contract entered into under subsection (e) is subject to this subsection. A contractor shall use the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** to the extent that the contractor finds that the land values reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. If the contractor finds that the land values determined for the qualifying county under section 13.6 of this chapter **(before its repeal)** do not reflect the true tax value of land, the contractor shall determine land values for the qualifying county that reflect the true tax value of land, as determined under the statutes and the rules of the department of local government finance. The land values determined by the contractor shall be used to the same extent as if the land values had been determined under section 13.6 of this chapter **(before its repeal)**. The contractor shall notify the county assessor and the township assessors in the qualifying county of the land values as modified under this subsection. This subsection expires June 30, 2004.

(t) A contractor acting under a contract under subsection (e) may notify the department of local government finance if:

- (1) the county auditor fails to:
 - (A) certify the bill;
 - (B) publish the claim;
 - (C) submit the claim to the county executive; or
 - (D) issue a warrant or check;

as required in subsection (h) at the first opportunity the county auditor is legally permitted to do so;

- (2) the county executive fails to allow the claim as required in subsection (h) at the first opportunity the county executive is legally permitted to do so; or

- (3) a person or entity authorized to act on behalf of the county takes or fails to take an action, including failure to request an appropriation, and that action or failure to act delays or halts the

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process under this section for payment of a bill submitted by a contractor under subsection (h).

This subsection expires June 30, 2004.

(u) The department of local government finance, upon receiving notice under subsection (t) from the contractor, shall:

(1) verify the accuracy of the contractor's assertion in the notice that:

(A) a failure occurred as described in subsection (t)(1) or (t)(2); or

(B) a person or entity acted or failed to act as described in subsection (t)(3); and

(2) provide to the treasurer of state the department of local government finance's approval under subsection (h)(2)(A) of the bill with respect to which the contractor gave notice under subsection (t).

This subsection expires June 30, 2004.

(v) Upon receipt of the approval of the department of local government finance under subsection (u), the treasurer of state shall pay the contractor the amount of the bill approved by the department of local government finance from money in the possession of the state that would otherwise be available for distribution to the qualifying county, including distributions from the property tax replacement fund or distributions of admissions taxes or wagering taxes. This subsection expires June 30, 2004.

(w) The treasurer of state shall withhold from the part attributable to the county of the next distribution to the county treasurer under IC 4-33-12-6, IC 4-33-13-5, IC 6-1.1-21-4(b), or another law the amount of any payment made by the treasurer of state to the contractor under subsection (v). Money shall be deducted first from money payable under IC 6-1.1-21.4(b) and then from all other funds payable to the qualifying county. This subsection expires June 30, 2004.

(x) Compliance with subsections (t) through (w) shall be treated as compliance with IC 5-11-10. This subsection expires June 30, 2004.

(y) IC 5-11-10-1.6(d) applies to the treasurer of state with respect to the payment made in compliance with subsections (t) through (w). This subsection and subsections (t) through (x) shall be interpreted liberally so that the state shall, to the extent legally valid, ensure that the contractual obligations of a county under this section are paid. Nothing in this subsection or subsections (t) through (x) shall be construed to create a debt of the state. This subsection expires June 30, 2004.

(z) This section expires December 31, 2006."

Page 10, line 24, after "chapter" insert "**(before its repeal)**".

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Page 10, line 29, after "chapter" insert "**(before its repeal)**".

Page 10, line 35, after "chapter" delete "." and insert "**(before its repeal)**".

Page 12, between lines 4 and 5, begin a new paragraph and insert:

"SECTION 9. IC 6-1.1-4-39, AS ADDED BY P.L.1-2004, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: Sec. 39. (a) For assessment dates after February ~~28, 2005~~, **29, 2004**, except as provided in subsection (c) **and IC 6-1.1-6.9-1**, the true tax value of real property regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

(1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.

(2) Sales comparison approach, using data for generally comparable property.

(3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

(1) real property that has at least one (1) and not more than four (4) rental units; and

(2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method.

SECTION 10. IC 6-1.1-4-40 IS ADDED TO THE INDIANA CODE



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AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 40. (a) As used in this section:**

(1) "Appendix C" refers to the Real Property Assessment Guidelines for 2002, Book 1, Appendix C, issued by the department of local government finance;

(2) "Appendix G" refers to the Real Property Assessment Guidelines for 2002, Book 2, Appendix G, issued by the department of local government finance; and

(3) "location cost multiplier" means:

(A) any multiplier or factor designed to account in the real property assessment process for variances in construction costs among jurisdictions; or

(B) a multiplier or factor determined for the same purposes and in the same manner as a location cost multiplier:

(i) determined by a county assessor as described in Appendix C or Appendix G; or

(ii) contained in Table G-1 to Appendix C or Table G-1 to Appendix G.

(b) A location cost multiplier may not be used in the assessment of real property for assessments after December 31, 2008.

SECTION 11. IC 6-1.1-5.5-3, AS AMENDED BY P.L.1-2004, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3. (a)** Before filing a conveyance document with the county auditor under IC 6-1.1-5-4, all the parties to the conveyance must complete and sign a sales disclosure form as prescribed by the department of local government finance under section 5 of this chapter. All the parties may sign one (1) form, or if all the parties do not agree on the information to be included on the completed form, each party may sign and file a separate form.

(b) Except as provided in subsection (c), the auditor shall forward each sales disclosure form to the county assessor. The county assessor shall retain the forms for five (5) years. The county assessor shall forward the sales disclosure form data to the department of local government finance and the legislative services agency:

(1) before January 1, 2005, in an electronic format, if possible; and

(2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The county assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the

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county assessing officials, the department of local government finance, and the legislative services agency for ~~the purposes established in IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

(c) In a county containing a consolidated city, the auditor shall forward the sales disclosure form to the appropriate township assessor. The township assessor shall forward the sales disclosure form to the department of local government finance and the legislative services agency:

- (1) before January 1, 2005, in an electronic format, if possible; and
- (2) after December 31, 2004, in an electronic format specified jointly by the department of local government finance and the legislative services agency.

The township assessor shall forward a copy of the sales disclosure forms to the township assessors in the county. The forms may be used by the county assessing officials, the department of local government finance, and the legislative services agency for ~~the purposes established in IC 6-1.1-4-13.6~~, sales ratio studies, equalization, adoption of rules under IC 6-1.1-31-3 and IC 6-1.1-31-6, and any other authorized purpose.

SECTION 12. IC 6-1.1-6.9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]:

Chapter 6.9. Low Income Rental Housing; Assessment

Sec. 1. The true tax value of low income rental housing shall be determined using the capitalization of income method of valuation.

Sec. 2. The value of any tax credits or other government subsidies, including below market financing, granted for the construction, conversion, or use of property as low income housing may not be considered in determining the true tax value of the property regardless of whether the credits or other subsidies are made available, directly or indirectly, to compensate the owner for the rental of low income housing at a rate that is less than the fair market rental rate for the property.

SECTION 13. IC 6-1.1-12.1-15 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 15. Notwithstanding the enactment of P.L.245-2003 and P.L.256-2003, the duties under this chapter that are transferred from the department of local government finance to county auditors by the acts referred to in**

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this section shall be performed by the department of local government finance for actions related to the granting of deductions for property taxes first due and payable in 2006.

SECTION 14. IC 6-1.1-13-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. ~~The powers granted to each county property tax assessment board of appeals under this chapter apply only to the tangible property assessments made with respect to the last preceding assessment date.~~ Before a county property tax assessment board of appeals changes any valuation or adds any tangible property and the value of it to a return or the assessment rolls under this chapter, the board shall give prior notice by mail to the taxpayer. The notice must state a time when and place where the taxpayer may appear before the board. The time stated in the notice must be at least ten (10) days after the date the notice is mailed.

SECTION 15. IC 6-1.1-13-6, AS AMENDED BY P.L.256-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. A county assessor shall inquire into the assessment of the classes of tangible property in the various townships of the county:

- (1) after March 1 in the year in which ~~the~~ a general reassessment of real property becomes effective under IC 6-1.1-4-4; or
- (2) in other years under the rules of the department of local government finance concerning:
 - (A) equalization under IC 6-1.1-14; and
 - (B) annual adjustments under IC 6-1.1-4-4.5.

The county assessor shall make any changes, whether increases or decreases, in the assessed values which are necessary in order to equalize these values in and between the various townships of the county. In addition, the county assessor shall determine the percent to be added to or deducted from the assessed values in order to make a just, equitable, and uniform equalization of assessments in and between the townships of the county.

SECTION 16. IC 6-1.1-13-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) If a county assessor proposes to change assessments under section 6 of this chapter, the property tax assessment board of appeals shall hold a hearing on the proposed changes:

- (1) before July 15 in ~~the~~ a year in which a general assessment is to commence; becomes effective; or
- (2) in other years under the rules of the department of local government finance concerning:
 - (A) equalization under IC 6-1.1-14; and



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(B) annual adjustments under IC 6-1.1-4-4.5.

(b) It is sufficient notice of ~~the~~ a hearing under subsection (a) and of any changes in assessments ordered by the board subsequent to the hearing if the board gives notice by publication once either in:

- (1) two (2) newspapers which represent different political parties and which are published in the county; or
- (2) one (1) newspaper only, if two (2) newspapers which represent different political parties are not published in the county.

SECTION 17. IC 6-1.1-14-4, AS AMENDED BY P.L.90-2002, SECTION 130, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. The department of local government finance shall review the assessments of all tangible property made by the various counties of this state. **The department of local government finance may employ qualified professional appraisers and other professionals to assist in the review.** If the department of local government finance determines that the assessment of a county appears to be improper, the department shall mail a certified notice to the auditor of the county informing the auditor of the department's determination to consider the modification of that county's assessment. The notice shall state whether the modification to be considered is related to real property, personal property, or both. The notice shall also state a day, at least ten (10) days after the day the notice is mailed, when a hearing on the assessment will be held. In addition to the notice to the county auditor, the department of local government finance shall give the notice, if any, required under section 9(a) of this chapter.

SECTION 18. IC 6-1.1-15-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 0.5. (a) This section applies to an assessment of real property used as residential property for an assessment date after February 28, 2002.**

(b) Notwithstanding IC 6-1.1-31-6(c), for purposes of:

- (1) a review or an appeal under this chapter; or
- (2) a hearing or an appeal under IC 6-1.1-4;

a taxpayer may state as a basis for the review that the assessed value determined by the assessing officials for the property exceeds the property's fair market value on the determination date used to value the property under the rules of the department of local government finance. If a taxpayer presents competent evidence of the property's fair market value in a review, the property shall be assessed at a value that does not exceed its fair market value.

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SECTION 19. IC 6-1.1-17-1, AS AMENDED BY P.L.90-2002, SECTION 147, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. (a) On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners **and in the form required by the department of local government finance**, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain:

- (1) information concerning the assessed valuation in the political subdivision for the next calendar year;
 - (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current calendar year;
 - (3) the current assessed valuation as shown on the abstract of charges;
 - (4) the average growth in assessed valuation in the political subdivision over the preceding three (3) budget years, excluding years in which a general reassessment occurs, determined according to procedures established by the department of local government finance; and
 - (5) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.
- (b) The estimate of taxes to be distributed shall be based on:
- (1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and
 - (2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

SECTION 20. IC 6-1.1-17-20, AS AMENDED BY P.L.1-2004, SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. (a) This section applies:

- (1) to each governing body of a taxing unit that is not comprised of a majority of officials who are elected to serve on the governing body; and
- (2) if the proposed property tax levy for the taxing unit for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year.

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(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

(c) **This subsection does not apply to a public library.** If:

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

(d) **This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

(e) **This subsection applies to a taxing unit that is a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(f)~~ (f) The fiscal body of the city, town, or county (whichever applies) **or the fiscal body designated under IC 20-14-14 (in the case of a public library)** shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy."

Page 13, between lines 38 and 39, begin a new paragraph and insert:

"SECTION 23. IC 6-1.1-18.5-21 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 21. (a) As used in this section, "department" refers to the department of local government finance.**

(b) As used in this section, "municipality" has the meaning set forth in IC 36-1-2-11.

(c) Notwithstanding section 1 of this chapter, for all computations under section 3 of this chapter for ensuing calendar year 2005, a municipality's "maximum permissible ad valorem property tax levy for the preceding calendar year" is the greater

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of:

- (1) the amount determined under this section; or
- (2) the amount determined under the definition of "maximum permissible ad valorem property tax levy for the preceding calendar year" in section 1 of this chapter.

(d) Except as provided in subsection (c)(1), a municipality's maximum permissible ad valorem property tax levy for the preceding calendar year for purposes of computing a municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2005 is equal to the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the municipality's maximum permissible ad valorem property tax levy for ensuing calendar year 2002, after eliminating the effects of temporary excessive levy appeals and temporary adjustments to the maximum permissible ad valorem property tax levy, as determined by the department.

STEP TWO: Multiply the STEP ONE amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2003.

STEP THREE: Multiply the STEP TWO amount by the assessed value growth quotient determined under section 2 of this chapter for ensuing calendar year 2004.

SECTION 24. IC 6-1.1-19-1.5, AS AMENDED BY P.L.1-2004, SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 1.5. (a) The following definitions apply throughout this section and IC 21-3-1.7:

- (1) "Adjustment factor" means the adjustment factor determined by the department of local government finance for a school corporation under IC 6-1.1-34.
- (2) "Adjusted target property tax rate" means:
 - (A) the school corporation's target general fund property tax rate determined under IC 21-3-1.7-6.8; multiplied by
 - (B) the school corporation's adjustment factor.
- (3) "Previous year property tax rate" means the school corporation's previous year general fund property tax rate after the reductions cited in IC 21-3-1.7-5(1), IC 21-3-1.7-5(2), and IC 21-3-1.7-5(3).

(b) Except as otherwise provided in this chapter, a school corporation may not, for a calendar year beginning after December 31, 2004, impose a general fund ad valorem property tax levy which exceeds the following:

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STEP ONE: Determine the result of:

(A) the school corporation's adjusted target property tax rate;
minus

(B) the school corporation's previous year property tax rate.

STEP TWO: If the school corporation's adjusted target property tax rate:

(A) exceeds the school corporation's previous year property tax rate, perform the calculation under STEP THREE and not under STEP FOUR;

(B) is less than the school corporation's previous year property tax rate, perform the calculation under STEP FOUR and not under STEP THREE; or

(C) equals the school corporation's previous year property tax rate, determine the levy resulting from using the school corporation's adjusted target property tax rate and do not perform the calculation under STEP THREE or STEP FOUR.

STEP THREE: Determine the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by the lesser of:

(A) the STEP ONE result; or

(B) five cents (\$0.05).

STEP FOUR: Determine the levy resulting from using the school corporation's previous year property tax rate after reducing the rate by the lesser of:

(A) the absolute value of the STEP ONE result; or

(B) five cents (\$0.05).

STEP FIVE: Determine the result of:

(A) the STEP TWO (C), STEP THREE, or STEP FOUR result, whichever applies; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the portion of any excessive levy and the levy for new facilities.

STEP SIX: Determine the result of:

(A) the STEP FIVE result; plus

(B) the product of:

(i) the weighted average of the amounts determined under IC 21-3-1.7-6.7(e) STEP NINE for all charter schools attended by students who have legal settlement in the school corporation; multiplied by

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(ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half (1/2) pupil.

The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support.

(c) For purposes of this section, "total assessed value" with respect to a school corporation means the total assessed value of all taxable property for ad valorem property taxes first due and payable during that year.

(d) The department of local government finance shall annually establish an assessment ratio and adjustment factor for each school corporation to be used upon the review and recommendation of the budget committee. The information compiled, including background documentation, may not be used in a:

- (1) review of an assessment under IC 6-1.1-8, IC 6-1.1-13, IC 6-1.1-14, or IC 6-1.1-15;
- (2) petition for a correction of error under IC 6-1.1-15-12; or
- (3) petition for refund under IC 6-1.1-26.

(e) All tax rates shall be computed by rounding the rate to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent ~~(\$0.0001)~~. **(\$0.000001)**. All tax levies shall be computed by rounding the levy to the nearest dollar amount.

(f) For the calendar year beginning January 1, 2004, and ending December 31, 2004, a school corporation may impose a general fund ad valorem property tax levy in the amount determined under STEP EIGHT of the following formula:

STEP ONE: Determine the quotient of:

- (A) the school corporation's 2003 assessed valuation; divided by
- (B) the school corporation's 2002 assessed valuation.

STEP TWO: Determine the greater of zero (0) or the difference between:

- (A) the STEP ONE amount; minus
- (B) one (1).

STEP THREE: Determine the lesser of eleven-hundredths (0.11) or the product of:

- (A) the STEP TWO amount; multiplied by
- (B) eleven-hundredths (0.11).

STEP FOUR: Determine the sum of:

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(A) the STEP THREE amount; plus

(B) one (1).

STEP FIVE: Determine the product of:

(A) the STEP FOUR amount; multiplied by

(B) the school corporation's general fund ad valorem property tax levy for calendar year 2003.

STEP SIX: Determine the lesser of:

(A) the STEP FIVE amount; or

(B) the levy resulting from using the school corporation's previous year property tax rate after increasing the rate by five cents (\$0.05).

STEP SEVEN: Determine the result of:

(A) the STEP SIX amount; plus

(B) an amount equal to the annual decrease in federal aid to impacted areas from the year preceding the ensuing calendar year by three (3) years to the year preceding the ensuing calendar year by two (2) years.

The maximum levy is to include the part of any excessive levy and the levy for new facilities.

STEP EIGHT: Determine the result of:

(A) the STEP SEVEN result; plus

(B) the product of:

(i) the weighted average of the amounts determined under IC 21-3-1.7-6.7(e) STEP NINE for all charter schools attended by students who have legal settlement in the school corporation; multiplied by

(ii) thirty-five hundredths (0.35).

In determining the number of students for purposes of this STEP, each kindergarten pupil shall be counted as one-half (1/2) pupil.

The result determined under this STEP may not be included in the school corporation's adjusted base levy for the year following the year in which the result applies or in the school corporation's determination of tuition support."

Page 16, line 1, after "engineer," insert "**a surveyor**,".

Page 16, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 27. IC 6-1.1-21-4, AS AMENDED BY P.L.245-2003, SECTION 19, AND AS AMENDED BY P.L.264-2003, SECTION 12, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to the sum of:

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(1) each county's total eligible property tax replacement amount for that year; plus

(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus

(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:

STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the subdivision (1) amount that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or receive back from the county treasurer any deficit or excess, as the case may be, between the sum of

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the distributions made for that calendar year based on the estimated distribution and the final determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (i), ~~the department auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable under subsection (b), subsection (c), and section 10 of this chapter the money attributable to the county's property reassessment fund if:~~

- ~~(1) by the date the distribution is scheduled to be made, ~~(1)~~ the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance; or~~
- ~~(2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section; or~~
- ~~(2) (3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a).~~

The auditor of state shall consider the provision of information referred to in this subsection to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subdivisions (1) and (2), not in the form required by the department of local government finance. The withholding under this subsection of two percent (2%) of money otherwise distributable under section 10 of this chapter applies separately to

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each distribution referred to in section 10(b) of this chapter.

(f) Except as provided in subsection (i), if the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be transmitted under IC 6-1.1-4-25(b), the ~~state board or the department auditor of state~~ shall not distribute **to the county treasurer two percent (2%) of the money otherwise distributable to the county treasurer** under ~~subsection~~ subsections (b) and (c) and section 10 of this chapter. ~~a part of the money attributable to the county's property reassessment fund. The portion not distributed is the amount that bears the same proportion to the total potential distribution as the number of townships in the county for which data was not transmitted by August + October + as described in this section bears to the total number of townships in the county.~~

(g) Money not distributed ~~under subsection (e) for the reasons stated in subsection (e)(1), and (e)(2), and (e)(3)~~ shall be distributed to the county when:

- (1) the county auditor sends to the department of local government finance the certified statement required to be sent under IC 6-1.1-17-1; ~~and~~
- (2) **the county auditor transmits data as required under IC 36-2-9-20; and**
- (3) *the county assessor forwards to the department of local government finance the approved exemption applications required to be forwarded under IC 6-1.1-11-8(a);*

with respect to which the failure to send, **transmit**, *or forward* resulted in the withholding of the distribution under subsection (e).

(h) Money not distributed under subsection (f) shall be distributed to the county when the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor transmits to the department of local government finance the data required to be transmitted under IC 6-1.1-4-25(b) with respect to which the failure to transmit resulted in the withholding of the distribution under subsection (f).

(i) The restrictions on distributions under subsections (e) and (f) do not apply if the department of local government finance determines that:

- (1) the failure of:
 - (A) a county auditor to send a certified statement; *or*
 - (B) *a county assessor to forward copies of all approved*

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exemption applications;

as described in subsection (e); or

(2) the failure of an official to transmit data as described in subsection (f);

is justified by unusual circumstances.

SECTION 28. IC 6-1.1-21-5.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 5.7. (a) The following definitions apply throughout this section:**

(1) "General reassessment" refers to a general reassessment of real property under IC 6-1.1-4-4.

(2) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(3) "Household income" means the combined adjusted gross income of the qualifying individual and the individual's spouse.

(4) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statements referred to in IC 6-1.1-22-8.

(5) "Qualifying homestead" means a homestead for which:

(A) the amount of the net property tax bill for the tax liability referred to in subdivision (6)(B) is at least two hundred percent (200%) of the amount of the net property tax bill for the tax liability referred to in subdivision (6)(A); and

(B) the difference between:

(i) the assessed value on which the tax liability referred to in subdivision (6)(A) is based; and

(ii) the assessed value on which the tax liability referred to in subdivision (6)(B) is based;

is attributable only to the general reassessment and not to any other factor that affects the assessed value.

(6) "Qualifying individual" means an individual:

(A) who is liable for the payment of property taxes on a homestead for property taxes first due and payable in 2002;

(B) who is liable for the payment of property taxes on the homestead for property taxes first due and payable in 2004; and

(C) whose adjusted gross income for the qualifying

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individual's most recent taxable year that ends before the date on which the claim is filed under subsection (f) does not exceed forty thousand dollars (\$40,000).

(b) In a county in which the county adjusted gross income tax is in effect on January 1, 2004, the county fiscal body may adopt an ordinance before May 1, 2004, to authorize the allowance of the credit under this section for property taxes first due and payable in 2005, property taxes first due and payable in 2006, or both. In a county in which the county adjusted gross income tax is in effect on January 1, 2005, the county fiscal body may adopt an ordinance before April 1, 2005, to authorize the allowance of the credit under this section for property taxes first due and payable in 2006. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county fiscal body concurrently adopts an ordinance under IC 6-3.5-1.1-3.8. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county fiscal body shall immediately send a certified copy of the ordinance to:

- (1) the county auditor; and
- (2) the department of state revenue.

(c) In a county in which the county option income tax is in effect on January 1, 2004, the county income tax council may adopt an ordinance before May 1, 2004, to authorize the allowance of the credit under this section for property taxes first due and payable in 2005, property taxes first due and payable in 2006, or both. In a county in which the county option income tax is in effect on January 1, 2005, the county income tax council may adopt an ordinance before April 1, 2005, to authorize the allowance of the credit under this section for property taxes first due and payable in 2006. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county income tax council concurrently adopts an ordinance under IC 6-3.5-6-9.7. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county auditor shall immediately send a certified copy of the ordinance to the department of state revenue.

(d) In a county in which a credit is authorized under subsection (b) or (c), a qualifying individual may receive a credit as provided in subsections (e) through (i) against the net property tax bill with respect to the individual's qualifying homestead for property taxes first due and payable in the year or years specified in the authorizing ordinance. If the qualifying individual resides in the

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qualifying homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the qualifying homestead.

(e) The amount of the credit for property taxes first due and payable in:

- (1) 2005 is one hundred percent (100%); and
- (2) 2006 is fifty percent (50%);

of the amount by which the tax liability referred to in subsection (a)(6)(B) exceeds the tax liability referred to in subsection (a)(6)(A).

(f) An individual or an individual and the individual's spouse who desire to claim the credit provided by this section must file a certified statement in duplicate, on forms prescribed by the department of local government finance, with the auditor of the county in which the qualifying homestead is located. With respect to real property, the statement must be filed during the twelve (12) months preceding May 11 of the year before the year for which the individual wishes to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months preceding March 2 of the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:

- (1) The full name or names and complete address of the qualifying individual or the qualifying individual and the individual's spouse.
- (2) A description of the qualifying homestead.
- (3) The amount of:
 - (A) the qualifying individual's adjusted gross income referred to in subsection (a)(6)(C); or
 - (B) the household income of the qualifying individual and the individual's spouse.
- (4) The name of any other county and township in which the qualifying individual or the individual's spouse owns or is buying on contract:
 - (A) real property; or
 - (B) a:
 - (i) mobile home; or
 - (ii) manufactured home;
 - that is not assessed as real property.
- (5) The record number and page where the contract or memorandum of the contract is recorded if the qualifying

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homestead is under contract purchase.

(6) Any other information required by the department of local government finance.

(g) The auditor of a county with whom a statement is filed under subsection (f) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the qualifying individual who claims the credit or the qualifying individual's spouse owns or is buying property located in the other county as described in subsection (f)(4). The auditor of the other county described in subsection (f)(4) shall note on the copy of the statement whether a credit has been claimed under this section for a qualifying homestead located in the auditor's county. The auditor shall then return the copy to the auditor of the first county.

(h) If a proper statement is filed under subsection (f), the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes. The county auditor shall include the amount of the credit applied against each installment of property taxes on the tax statement required under IC 6-1.1-22-8.

(i) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement plus interest at the rate of ten percent (10%) per year to the county auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.

SECTION 29. IC 6-1.1-21-5.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5.8. (a) The following definitions apply throughout this section:

(1) "Adjusted gross income" has the meaning set forth in IC 6-3-1-3.5.

(2) "Dwelling" has the meaning set forth in IC 6-1.1-20.9-1(1).

(3) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).

(4) "Household income" means the combined adjusted gross income of the qualifying individual and the individual's spouse.

(5) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statement referred to in IC 6-1.1-22-8.

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(6) "Qualifying homestead" means a homestead:

(A) that a qualifying individual owned; or

(B) on which a qualifying individual assumed liability for the payment of property taxes;

at least five (5) years before the assessment date for the homestead in the year for which the individual wishes to obtain the credit under this section and that has an assessed value of not more than one hundred fifty thousand dollars (\$150,000) as of the assessment date for the homestead in the year that immediately precedes the year for which the individual wishes to obtain the credit under this section.

(7) "Qualifying individual" means an individual who is liable for the payment of property taxes on a qualifying homestead.

(8) "Taxable year" has the meaning set forth in IC 6-3-1-16.

(b) In a county in which the county adjusted gross income tax is in effect on January 1, the county fiscal body may adopt an ordinance before May 1, 2004, or before April 1 of any following year to authorize the allowance of the credit under this section for property taxes first due and payable in the immediately following calendar year. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county fiscal body concurrently adopts an ordinance under IC 6-3.5-1.1-3.8. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county fiscal body shall immediately send a certified copy of the ordinance to:

(1) the county auditor; and

(2) the department of state revenue.

(c) In a county in which the county option income tax is in effect on January 1, the county income tax council may adopt an ordinance before May 1, 2004, or before April 1 of any following year to authorize the allowance of the credit under this section for property taxes first due and payable in the immediately following calendar year. An ordinance under this subsection to authorize the allowance of the credit under this section is valid only if the county income tax council concurrently adopts an ordinance under IC 6-3.5-6-9.7. Upon adoption of an ordinance to authorize the allowance of the credit under this section, the county auditor shall immediately send a certified copy of the ordinance to the department of state revenue.

(d) Except as provided in subsection (e), in a county in which a credit is authorized under subsection (b) or (c), each year a qualifying individual may receive a credit against the net property

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tax bill on the individual's qualifying homestead. The amount of the credit to which a qualifying individual is entitled equals the lesser of fifty percent (50%) of the amount of the net property tax bill on the individual's qualifying homestead or the remainder of:

- (1) the amount of the net property tax bill without the application of the credit provided by this section; minus
- (2) the following percentage of the qualifying individual's adjusted gross income for the qualifying individual's most recent taxable year that ends before the date on which the claim is filed under subsection (f):

(A) Ten percent (10%) if the adjusted gross income is less than twenty thousand dollars (\$20,000).

(B) Four percent (4%) if the adjusted gross income is at least twenty thousand dollars (\$20,000) but less than fifty thousand dollars (\$50,000).

(e) If the qualifying individual resides in the qualifying homestead with the individual's spouse, those individuals are together entitled to one (1) credit under this section for the qualifying homestead. The amount of the credit is determined under subsection (b), except that the household income is substituted for the qualifying individual's adjusted gross income.

(f) An individual or an individual and the individual's spouse who desire to claim the credit provided by this section must file a certified statement in duplicate on forms prescribed by the department of local government finance with the auditor of the county in which the qualifying homestead is located. With respect to real property, the statement must be filed during the twelve (12) months preceding May 11 of the year before the year for which the individual wishes to obtain the credit under this section. For a mobile home that is not assessed as real property or a manufactured home that is not assessed as real property, the statement must be filed during the twelve (12) months preceding March 2 of the year for which the individual wishes to obtain the credit under this section. The statement must contain the following information:

- (1) The full name or names and complete address of the qualifying individual or the qualifying individual and the individual's spouse.
- (2) A description of the qualifying homestead.
- (3) The amount of:
 - (A) the qualifying individual's adjusted gross income referred to in subsection (d)(2); or

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(B) if subsection (e) applies, the household income referred to in subsection (e) of the qualifying individual and the individual's spouse.

(4) The name of any other county and township in which the qualifying individual or the individual's spouse owns or is buying on contract:

(A) real property; or

(B) a:

(i) mobile home; or

(ii) manufactured home;

that is not assessed as real property.

(5) The record number and page where the contract or memorandum of the contract is recorded if the qualifying homestead is under contract purchase.

(6) Any other information required by the department of local government finance.

(g) The auditor of a county with whom a statement is filed under subsection (f) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the qualifying individual who claims the credit or the qualifying individual's spouse owns or is buying property located in the other county as described in subsection (f)(4). The auditor of the other county described in subsection (f)(4) shall note on the copy of the statement whether a credit has been claimed under this section for a qualifying homestead located in the auditor's county. The auditor shall then return the copy to the auditor of the first county.

(h) If a proper statement is filed under subsection (f), the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes. The county auditor shall include the amount of the credit applied against each installment of property taxes on the tax statement required under IC 6-1.1-22-8.

(i) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement plus interest at the rate of ten percent (10%) per year to the county auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.

SECTION 30. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter or who has properly filed for and is entitled to a

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credit under IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section **other than a refund based on the credit under section 5.7 or 5.8 of this chapter** shall be paid that refund from proceeds of the property tax replacement fund. However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these refunds and for the payments thereof, as provided for in this section, which procedure is the exclusive procedure for the processing of the refunds. The procedure shall, however, require the filing of claims for the refunds by not later than June 1 of the year following the payment of the taxes to which the credit applied."

Page 17, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 32. IC 6-1.1-34-9, AS AMENDED BY P.L.90-2002, SECTION 244, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. In order to perform the duties assigned to it under this chapter, the department of local government finance:

- (1) shall conduct continuing studies of all property which is subject to assessment in this state;
 - (2) may request access to all local and state official records;
 - (3) may secure information from the federal government or from public or private agencies;
 - (4) **may:**
 - (A) **contract with; and**
 - (B) **rely on findings made by:**
- the Indiana Fiscal Policy Institute and professional appraisers;**



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(5) may inspect a person's books, records, or property if the item is relevant to information which the department needs in order to implement this chapter; and

~~(5)~~ (6) may adopt appropriate forms and procedures."

Page 22, between lines 23 and 24, begin a new paragraph and insert:

"SECTION 34. IC 6-3.5-1.1-2, AS AMENDED BY P.L.42-2003, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) The county council of any county in which the county option income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county adjusted gross income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that year.

(b) Except as provided in section 2.5, 2.7, 2.8, 2.9, 3.3, 3.5, or 3.6, **or 3.8** of this chapter, the county adjusted gross income tax may be imposed at a rate of one-half of one percent (0.5%), three-fourths of one percent (0.75%), or one percent (1%) on the adjusted gross income of resident county taxpayers of the county. Any county imposing the county adjusted gross income tax must impose the tax on the nonresident county taxpayers at a rate of one-fourth of one percent (0.25%) on their adjusted gross income. **Except as provided in subsection (g) and subject to section 3.1 of this chapter**, if the county council elects to decrease the county adjusted gross income tax, the county council may decrease the county adjusted gross income tax rate in increments of one-tenth of one percent (0.1%).

(c) To impose the county adjusted gross income tax, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council imposes the county adjusted gross income tax on the county taxpayers of _____ County. The county adjusted gross income tax is imposed at a rate of _____ percent (____%) on the resident county taxpayers of the county and one-fourth of one percent (0.25%) on the nonresident county taxpayers of the county. This tax takes effect July 1 of this year."

(d) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(e) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(f) If the county adjusted gross income tax had previously been adopted by a county under IC 6-3.5-1 (before its repeal on March 15,

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1983) and that tax was in effect at the time of the enactment of this chapter, then the county adjusted gross income tax continues in that county at the rates in effect at the time of enactment until the rates are modified or the tax is rescinded in the manner prescribed by this chapter. If a county's adjusted gross income tax is continued under this subsection, then the tax shall be treated as if it had been imposed under this chapter and is subject to rescission or reduction as authorized in this chapter.

(g) The county council may adopt an ordinance to decrease the county adjusted gross income tax rate by an increment up to one-fourth of one percent (0.25%) after January 1 but before April 1 of the calendar year that immediately precedes the first calendar year in which the allowance of credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both is discontinued.

SECTION 35. IC 6-3.5-1.1-3.1, AS AMENDED BY P.L.170-2002, SECTION 26, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3.1. (a) **Except as provided in subsections (b) and (g),** the county council may decrease the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county. To decrease the rate, the county council must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County Council decreases the county adjusted gross income tax rate imposed upon the resident county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate decrease takes effect July 1 of this year."

(b) A county council may not decrease the county adjusted gross income tax rate if the county or any commission, board, department, or authority that is authorized by statute to pledge the county adjusted gross income tax has pledged the county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) Notwithstanding IC 6-3.5-7, and except as provided in subsection (f), a county council that decreases the county adjusted gross income tax rate in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

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(f) This subsection applies only to a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000). The county council may adopt or increase the county economic development income tax rate under IC 6-3.5-7 in the same year that the county council decreases the county adjusted gross income tax rate if the county economic development income tax rate plus the county adjusted gross income tax rate in effect after the county council decreases the county adjusted gross income tax rate is less than the county adjusted gross income tax rate in effect before the adoption of an ordinance under this section decreasing the rate of the county adjusted gross income tax.

(g) A county council may not decrease the county adjusted gross income tax rate in a calendar year to a rate that is insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both that are in effect for the immediately following calendar year as provided in section 3.8 of this chapter.

SECTION 36. IC 6-3.5-1.1-3.8 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 3.8. (a) In addition to the rates permitted by section 2 of this chapter, a county council that adopts an ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both must impose the county adjusted gross income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers to fund those credits. A county council may adopt an ordinance under this subsection during the same period in which the county council may adopt an ordinance under section 2(c) of this chapter.**

(b) County adjusted gross income tax revenues derived from the tax rate imposed under this section:

- (1) must be used as described in section 10(e) of this chapter to the extent necessary to fund the credits referred to in subsection (a); and**
- (2) may be used, to the extent the revenues are not necessary to fund the credits referred to in subsection (a), in the same manner that certified shares are used.**

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 37. IC 6-3.5-1.1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 4. (a) Except as provided in subsections (e) and (f), the county adjusted gross income**

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tax imposed by a county council under this chapter remains in effect until rescinded.

(b) Except as provided in subsection (e), the county council may rescind the county adjusted gross income tax by adopting an ordinance to rescind the tax after January 1 but before June 1 of a year.

(c) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(d) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county council may not rescind the county adjusted gross income tax or take any action that would result in a civil taxing unit in the county having a smaller certified share than the certified share to which the civil taxing unit was entitled when the civil taxing unit pledged county adjusted gross income tax if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county adjusted gross income tax has pledged county adjusted gross income tax for any purpose permitted by IC 5-1-14 or any other statute. The prohibition in this section does not apply if the civil taxing unit pledges legally available revenues to fully replace the civil taxing unit's certified share that has been pledged.

(f) A county council may not rescind the county adjusted gross income tax in a calendar year if credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the immediately following calendar year.

SECTION 38. IC 6-3.5-1.1-9, AS AMENDED BY P.L.267-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Revenue derived from the imposition of the county adjusted gross income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount to be distributed to a county during an ensuing calendar year equals the amount of county adjusted gross income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

- (1) received from that county for a taxable year ending before the calendar year in which the determination is made; and
- (2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county adjusted gross income tax made

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in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that initially imposes a tax under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

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(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 **or 3.8** of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 **or 3.8** of this chapter is initially collected.

SECTION 39. IC 6-3.5-1.1-10, AS AMENDED BY P.L.42-2003, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) Except as provided in ~~subsection~~ **subsections (b) and (e)** one-half (1/2) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 8 of this chapter to the appropriate county treasurer on May 1 and the other one-half (1/2) on November 1 of that calendar year.

(b) This subsection applies to a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000). Notwithstanding section 9 of this chapter, the initial certified distribution certified for a county under section 9 of this chapter shall be distributed to the county treasurer from the account established for the county under section 8 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

- (1) One-fourth (1/4) on October 1 of the year in which the ordinance was adopted.
- (2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.
- (3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.
- (4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

Notwithstanding section 11 of this chapter, the part of the certified distribution received under subdivision (1) that would otherwise be allocated to a civil taxing unit or school corporation as property tax replacement credits under section 11 of this chapter shall be set aside and treated for the calendar year when received by the civil taxing unit or school corporation as a levy excess subject to IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Except for:

- (1) revenue that must be used to pay the costs of operating a jail

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and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating, or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; or

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter;

distributions made to a county treasurer under subsections (a) and (b) shall be treated as though they were property taxes that were due and payable during that same calendar year. Except as provided by subsection (b), the certified distribution shall be distributed and used by the taxing units and school corporations as provided in sections 11 through 15 of this chapter.

(d) All distributions from an account established under section 8 of this chapter shall be made by warrants issued by the auditor of the state to the treasurer of the state ordering the appropriate payments.

(e) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the allowance of credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both within the county as described in section 3.8 of this chapter. This money shall be distributed to the civil taxing units and school corporations of the county as though the money were derived from property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to that allowance.

SECTION 40. IC 6-3.5-1.1-11, AS AMENDED BY P.L.267-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. (a) Except for:

(1) revenue that must be used to pay the costs of operating a jail and juvenile detention center under section 2.5(d) of this chapter;

(2) revenue that must be used to pay the costs of:

(A) financing, constructing, acquiring, improving, renovating,

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or equipping facilities and buildings;

(B) debt service on bonds; or

(C) lease rentals;

under section 2.8 of this chapter;

(3) revenue that must be used to pay the costs of construction, improvement, renovation, or remodeling of a jail and related buildings and parking structures under section 2.7, 2.9, or 3.3 of this chapter;

(4) revenue that must be used to pay the costs of operating and maintaining a jail and justice center under section 3.5(d) of this chapter; ~~or~~

(5) revenue that must be used to pay the costs of constructing, acquiring, improving, renovating, or equipping a county courthouse under section 3.6 of this chapter; **or**

(6) revenue that must be used to fund credits under section 3.8 of this chapter;

the certified distribution received by a county treasurer shall, in the manner prescribed in this section, be allocated, distributed, and used by the civil taxing units and school corporations of the county as certified shares and property tax replacement credits.

(b) Before August 10 of each calendar year, each county auditor shall determine the part of the certified distribution for the next succeeding calendar year that will be allocated as property tax replacement credits and the part that will be allocated as certified shares. The percentage of a certified distribution that will be allocated as property tax replacement credits or as certified shares depends upon the county adjusted gross income tax rate for resident county taxpayers in effect on August 1 of the calendar year that precedes the year in which the certified distribution will be received by two (2) years. The percentages are set forth in the following table:

| COUNTY ADJUSTED GROSS INCOME TAX RATE | PROPERTY TAX REPLACEMENT CREDITS | CERTIFIED SHARES |
|---|---|---------------------|
| 0.5% | 50% | 50% |
| 0.75% | 33 1/3% | 66 2/3% |
| 1% | 25% | 75% |

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.



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SECTION 41. IC 6-3.5-1.1-12, AS AMENDED BY P.L.90-2002, SECTION 293, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) The part of a county's certified distribution for a calendar year that is to be used as property tax replacement credits shall be allocated by the county auditor among the civil taxing units and school corporations of the county.

(b) Except as provided in section 13 of this chapter, the amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive during a calendar year equals the product of:

(1) that part of the county's certified distribution that is dedicated to providing property tax replacement credits for that same calendar year; multiplied by

(2) a fraction:

(A) The numerator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by the civil taxing unit or school corporation ~~during that in the~~ **immediately preceding** calendar year, **as provided in the approved abstract for the immediately preceding calendar year**, plus with respect to a civil taxing unit, the amount of federal revenue sharing funds and certified shares received by it during ~~that the immediately preceding~~ calendar year to the extent that they ~~are were~~ used to reduce its property tax levy below the limit imposed by IC 6-1.1-18.5 for that same calendar year.

(B) The denominator of the fraction equals the sum of the total property taxes ~~being that were certified to be~~ collected by all civil taxing units and school corporations **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year**, plus the amount of federal revenue sharing funds and certified shares received by all civil taxing units in the county to the extent that they ~~are were~~ used to reduce the civil taxing units' property tax levies below the limits imposed by IC 6-1.1-18.5 for that same calendar year.

(c) The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits it is entitled to receive (after adjustment made under section 13 of this chapter) during that calendar year. The county

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auditor shall also certify these distributions to the county treasurer.

SECTION 42. IC 6-3.5-1.1-15, AS AMENDED BY P.L.255-2003, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) As used in this section, "attributed levy" of a civil taxing unit means the sum of:

- (1) the ad valorem property tax levy of the civil taxing unit that is ~~currently being~~ **was certified to be collected at the time the allocation is made; in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year;** plus
- (2) the ~~current~~ ad valorem property tax levy **in the immediately preceding calendar year, as provided in the approved abstract for the immediately preceding calendar year,** of any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit; plus
- (3) the amount of federal revenue sharing funds and certified shares that were used by the civil taxing unit (or any special taxing district, authority, board, or other entity formed to discharge governmental services or functions on behalf of or ordinarily attributable to the civil taxing unit) to reduce its ad valorem property tax levies below the limits imposed by IC 6-1.1-18.5; plus
- (4) in the case of a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(b) The part of a county's certified distribution that is to be used as certified shares shall be allocated only among the county's civil taxing units. Each civil taxing unit of a county is entitled to receive a percentage of the certified shares to be distributed in the county equal to the ratio of its attributed levy to the total attributed levies of all civil taxing units of the county.

(c) The local government tax control board established by IC 6-1.1-18.5-11 shall determine the attributed levies of civil taxing units that are entitled to receive certified shares during a calendar year. If the ad valorem property tax levy of any special taxing district, authority, board, or other entity is attributed to another civil taxing unit under subsection (b)(2), then the special taxing district, authority, board, or other entity shall not be treated as having an attributed levy of its own. The local government tax control board shall certify the attributed levy amounts to the appropriate county auditor. The county auditor shall then allocate the certified shares among the civil taxing

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units of the auditor's county.

(d) Certified shares received by a civil taxing unit shall be treated as additional revenue for the purpose of fixing its budget for the calendar year during which the certified shares will be received. The certified shares may be allocated to or appropriated for any purpose, including property tax relief or a transfer of funds to another civil taxing unit whose levy was attributed to the civil taxing unit in the determination of its attributed levy.

SECTION 43. IC 6-3.5-6-2, AS AMENDED BY P.L.267-2003, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) increase the homestead credit in its county; ~~or~~
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county; ~~or~~
- (7) impose a county option income tax rate under section 9.7 of this chapter.**

(c) An ordinance adopted in a particular year under this chapter to impose or rescind the county option income tax or to increase its tax rate is effective July 1 of that year.

SECTION 44. IC 6-3.5-6-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) A county income tax council may pass only one (1) ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or~~ 2(b)(6), **or 2(b)(7)** of this chapter in one (1) year. Once an ordinance described in section 2(b)(1), 2(b)(2), 2(b)(3), 2(b)(4), ~~or~~ 2(b)(6), **or 2(b)(7)** of this chapter has been passed, the auditor of the county shall:

- (1) cease distributing proposed ordinances of those types for the rest of the year; and
- (2) withdraw from the membership any other of those types of proposed ordinances.

Any votes subsequently received by the auditor of the county on

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proposed ordinances of those types during that same year are void.

(b) The county income tax council may not vote on, nor may the auditor of the county distribute to the members of the county income tax council, any proposed ordinance during a year, if previously during that same year the auditor of the county received and distributed to the members of the county income tax council a proposed ordinance whose passage would have substantially the same effect.

SECTION 45. IC 6-3.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county income tax council of any county in which the county adjusted gross income tax will not be in effect on July 1 of a year under an ordinance adopted during a previous calendar year may impose the county option income tax on the adjusted gross income of county taxpayers of its county effective July 1 of that same year.

(b) **Subject to section 9.7 of this chapter**, the county option income tax may initially be imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) for all other county taxpayers.

(c) To impose the county option income tax, a county income tax council must, after January 1 but before April 1 of the year, pass an ordinance. The ordinance must substantially state the following:

"The _____ County Income Tax Council imposes the county option income tax on the county taxpayers of _____ County. The county option income tax is imposed at a rate of two-tenths of one percent (0.2%) on the resident county taxpayers of the county and at a rate of five hundredths of one percent (0.05%) on all other county taxpayers. This tax takes effect July 1 of this year."

(d) If the county option income tax is imposed on the county taxpayers of a county, then the county option income tax rate that is in effect for resident county taxpayers of that county increases by one-tenth of one percent (0.1%) on each succeeding July 1 until the rate equals six-tenths of one percent (0.6%).

(e) The county option income tax rate in effect **under this section** for the county taxpayers of a county who are not resident county taxpayers of that county is at all times one-fourth (1/4) of the tax rate imposed **under this section** upon resident county taxpayers.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 46. IC 6-3.5-6-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) If on January

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1 of a calendar year the county option income tax rate **imposed under section 8 of this chapter** in effect for resident county taxpayers equals six tenths of one percent (0.6%), then the county income tax council of that county may after January 1 and before April 1 of that year pass an ordinance to increase its tax rate **imposed under section 8 of this chapter** for resident county taxpayers. If a county income tax council passes an ordinance under this section, its county option income tax rate for resident county taxpayers **imposed under section 8 of this chapter** increases by one tenth of one percent (0.1%) each succeeding July 1 until its rate reaches a maximum of one percent (1%).

(b) The auditor of the county shall record any vote taken on an ordinance proposed under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 47. IC 6-3.5-6-9.7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 9.7. (a) In addition to the rates permitted by section 8 of this chapter, a county income tax council that adopts an ordinance to allow credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both must impose the county option income tax at a rate of not more than twenty-five hundredths percent (0.25%) on the adjusted gross income of county taxpayers to fund those credits. A county income tax council may adopt an ordinance under this subsection during the same period in which the county income tax council may adopt an ordinance under section 8(c) of this chapter.**

(b) County option income tax revenues derived from the tax rate imposed under this section:

- (1) must be retained and used as described in section 18(b) of this chapter to the extent necessary to fund the credits referred to in subsection (a); and**
- (2) may be used, to the extent the revenues are not necessary to fund the credits referred to in subsection (a), in the same manner that other county option income tax revenue is used.**

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 48. IC 6-3.5-6-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: **Sec. 12. (a) The county option income tax imposed by a county income tax council under this chapter remains in effect until rescinded.**

(b) Subject to ~~subsection~~ subsections (c) and (e), the county income

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tax council of a county may rescind the county option income tax by passing an ordinance to rescind the tax after January 1 but before April 1 of a year.

(c) A county income tax council may not rescind the county option income tax or take any action that would result in a civil taxing unit in the county having a smaller distributive share than the distributive share to which it was entitled when it pledged county option income tax, if the civil taxing unit or any commission, board, department, or authority that is authorized by statute to pledge county option income tax, has pledged county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) The auditor of a county shall record all votes taken on a proposed ordinance presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

(e) A county income tax council may not rescind the county option income tax in a calendar year if credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both are in effect for the immediately following calendar year.

SECTION 49. IC 6-3.5-6-12.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12.5. (a) **Except as provided in subsection (g),** the county income tax council may adopt an ordinance to decrease the county option income tax rate in effect.

(b) To decrease the county option income tax rate, the county income tax council must adopt an ordinance after January 1 but before April 1 of a year. The ordinance must substantially state the following:

"The _____ County Income Tax Council decreases the county option income tax rate from _____ percent (___ %) to _____ percent (___ %). This ordinance takes effect July 1 of this year."

(c) A county income tax council may not decrease the county option income tax if the county or any commission, board, department, or authority that is authorized by statute to pledge the county option income tax has pledged the county option income tax for any purpose permitted by IC 5-1-14 or any other statute.

(d) An ordinance adopted under this subsection takes effect July 1 of the year in which the ordinance is adopted.

(e) The county auditor shall record the votes taken on an ordinance under this subsection and shall send a certified copy of the ordinance to the department by certified mail not more than thirty (30) days after the ordinance is adopted.

(f) Notwithstanding IC 6-3.5-7, a county income tax council that

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decreases the county option income tax in a year may not in the same year adopt or increase the county economic development income tax under IC 6-3.5-7.

(g) A county income tax council may not decrease the county option income tax rate in a calendar year to a rate that is insufficient to fund credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both that are in effect for the immediately following calendar year as provided in section 9.7 of this chapter.

SECTION 50. IC 6-3.5-6-17, AS AMENDED BY P.L.267-2003, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) Revenue derived from the imposition of the county option income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it. The amount that is to be distributed to a county during an ensuing calendar year equals the amount of county option income tax revenue that the department, after reviewing the recommendation of the budget agency, determines has been:

- (1) received from that county for a taxable year ending in a calendar year preceding the calendar year in which the determination is made; and
- (2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county option income tax made in the state fiscal year.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the amount determined under subsection (a) plus the amount of interest in the county's account that has accrued and has not been included in a certification made in a preceding year. The amount certified is the county's "certified distribution" for the immediately succeeding calendar year. The amount certified shall be adjusted, as necessary, under subsections (c), (d), ~~and~~ (e), **and (i)**. The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after

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reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that initially imposed a tax under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(g) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(h) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

(i) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 9.7 of this chapter beginning not later than the sixth month after the month in which additional revenue from the tax authorized under section 9.7 of this chapter is initially collected.

SECTION 51. IC 6-3.5-6-18, AS AMENDED BY P.L.255-2003, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 18. (a) The revenue a county auditor receives under this chapter shall be used to:

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(1) replace the amount, if any, of property tax revenue lost due to the allowance of:

(A) an increased homestead credit;

(B) **credits under IC 6-1.1-21-5.7, IC 6-1.1-21-5.8, or both;** within the county;

(2) fund the operation of a public communications system and computer facilities district as provided in an election, if any, made by the county fiscal body under IC 36-8-15-19(b);

(3) fund the operation of a public transportation corporation as provided in an election, if any, made by the county fiscal body under IC 36-9-4-42;

(4) make payments permitted under IC 36-7-15.1-17.5;

(5) make payments permitted under subsection (i); and

(6) make distributions of distributive shares to the civil taxing units of a county.

(b) The county auditor shall retain from the payments of the county's certified distribution, an amount equal to the revenue lost, if any, due to the ~~increase allowance of the homestead credits or an increased credit within the county as described in subsection (a)(1).~~ This money shall be distributed to the civil taxing units and school corporations of the county as though ~~they were the money were derived from~~ property tax collections and in such a manner that no civil taxing unit or school corporation shall suffer a net revenue loss due to ~~the that~~ allowance. ~~of an increased homestead credit.~~

(c) The county auditor shall retain the amount, if any, specified by the county fiscal body for a particular calendar year under subsection (i), IC 36-7-15.1-17.5, IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified distribution for that same calendar year. The county auditor shall distribute amounts retained under this subsection to the county.

(d) All certified distribution revenues that are not retained and distributed under subsections (b) and (c) shall be distributed to the civil taxing units of the county as distributive shares.

(e) The amount of distributive shares that each civil taxing unit in a county is entitled to receive during a month equals the product of the following:

(1) The amount of revenue that is to be distributed as distributive shares during that month; multiplied by

(2) A fraction. The numerator of the fraction equals the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** the civil taxing unit ~~during in~~ **the immediately preceding** calendar year, ~~in which the month falls;~~ **as provided**

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in the approved abstract for the immediately preceding calendar year, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to~~ **were certified to be collected by** all civil taxing units of the county during the **immediately preceding** calendar year, ~~in which the month falls, as provided in the approved abstract for the immediately preceding calendar year~~, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(f) The department of local government finance shall provide each county auditor with the fractional amount of distributive shares that each civil taxing unit in the auditor's county is entitled to receive monthly under this section.

(g) Notwithstanding subsection (e), if a civil taxing unit of an adopting county does not impose a property tax levy that is first due and payable in a calendar year in which distributive shares are being distributed under this section, that civil taxing unit is entitled to receive a part of the revenue to be distributed as distributive shares under this section within the county. The fractional amount such a civil taxing unit is entitled to receive each month during that calendar year equals the product of the following:

- (1) The amount to be distributed as distributive shares during that month; multiplied by
- (2) A fraction. The numerator of the fraction equals the budget of that civil taxing unit for that calendar year. The denominator of the fraction equals the aggregate budgets of all civil taxing units of that county for that calendar year.

(h) If for a calendar year a civil taxing unit is allocated a part of a county's distributive shares by subsection (g), then the formula used in subsection (e) to determine all other civil taxing units' distributive shares shall be changed each month for that same year by reducing the amount to be distributed as distributive shares under subsection (e) by the amount of distributive shares allocated under subsection (g) for that same month. The department of local government finance shall make any adjustments required by this subsection and provide them to the appropriate county auditors.

(i) Notwithstanding any other law, a county fiscal body may pledge revenues received under this chapter to the payment of bonds or lease rentals to finance a qualified economic development tax project under IC 36-7-27 in that county or in any other county if the county fiscal

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body determines that the project will promote significant opportunities for the gainful employment or retention of employment of the county's residents.

SECTION 52. IC 6-3.5-7-5, AS AMENDED BY P.L.224-2003, SECTION 254, AND AS AMENDED BY P.L.42-2003, SECTION 5, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on January 1 of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on January 1 of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), ~~and~~ (p), and (r) the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), ~~or~~ (p), **or (t)**, the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), ~~or~~ (p), **or (t)**, the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

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(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect July 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five

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hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%);

if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

- (1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or
 - (2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900);
- except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand

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six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

- (1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and
- (2) the sum of the county economic development income tax rate and:

- (A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

- (B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

- (1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

- (2) the:

- (A) county economic development income tax; and

- (B) county option income tax or county adjusted gross income tax;

may be imposed at combined rates that exceed by not more than twenty-five hundredths percent (0.25%) the maximum combined rates that would otherwise apply under this section.

However, the additional rate imposed under this subsection may not exceed the amount necessary to mitigate the increased ad valorem property taxes on homesteads (as defined in IC 6-1.1-20.9-1) resulting from the deduction of the assessed value of inventory in the county under IC 6-1.1-12-41 or IC 6-1.1-12-42.

(q) If the county economic development income tax is imposed as authorized under subsection (p) at a rate that exceeds the maximum rate that would otherwise apply under this section, the certified distribution must be used for the purpose provided in section 25(e) or 26 of this chapter to the extent that the certified distribution results from the difference between:

- (1) the actual county economic development tax rate; and
- (2) the maximum rate that would otherwise apply under this section.

(r) *This subsection applies only to a county described in section 27 of this chapter. Except as provided in subsection (p), in addition to the*

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rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county council makes a determination to impose rates under this subsection and section 27 of this chapter.

~~(s)~~ (s) Except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%) if the county has imposed the county adjusted gross income tax under IC 6-3.5-1.1-3.3.

(t) Limitations in this section on the combined county adjusted gross income tax and county option income tax rate do not apply to the imposition of:

(1) a county adjusted gross income tax rate under IC 6-3.5-1.1-3.8; or

(2) a county option income tax rate under IC 6-3.5-6-9.7.

SECTION 53. IC 6-3.5-7-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) **Subject to section 5(t) of this chapter**, the body imposing the tax may decrease or increase the county economic development income tax rate imposed upon the county taxpayers as long as the resulting rate does not exceed the rates specified in section 5(b) and 5(c) or 5(g) of this chapter. The rate imposed under this section must be adopted at one (1) of the rates specified in section 5(b) of this chapter. To decrease or increase the rate, the appropriate body must, after January 1 but before April 1 of a year, adopt an ordinance. The ordinance must substantially state the following:

"The _____ County _____ increases (decreases) the county economic development income tax rate imposed upon the county taxpayers of the county from _____ percent (____%) to _____ percent (____%). This tax rate increase (decrease) takes effect July 1 of this year."

(b) Any ordinance adopted under this section takes effect July 1 of the year the ordinance is adopted.

(c) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this section and immediately send a certified copy of the results to the department by certified mail.

SECTION 54. IC 6-3.5-7-12, AS AMENDED BY P.L.224-2003,

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SECTION 255, AND AS AMENDED BY P.L.255-2003, SECTION 6, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 12. (a) Except as provided in sections 23, 25, ~~and 26, and 27~~ of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and 25 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that ~~are first due and payable to were~~ **certified to be collected by** the county, city, or town during the **immediately preceding** calendar year, ~~in which the month falls; as provided in the approved abstract for the immediately preceding calendar year;~~ plus

(B) For a county, an amount equal to

~~(i) the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. plus~~
~~(ii) after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents program property tax levy imposed by the county.~~

The denominator of the fraction equals the sum of the total property taxes that ~~are first due and payable to were~~ **certified to be collected by** the county and all cities and towns of the county during the **immediately preceding** calendar year, ~~in which the month falls; as provided in the approved abstract for the immediately preceding calendar year,~~ plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund. ~~and after December 31, 2004, the greater of zero (0) or the difference between the county hospital care for the indigent property tax levy imposed by the county in 2004, adjusted each year after 2004 by the statewide average assessed value growth quotient described in IC 12-16-14-3, minus the current uninsured parents~~

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program property tax levy imposed by the county.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

- (1) The ordinance is effective January 1 of the following year.
- (2) Except as provided in sections 25 and 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population of the part of the county that is not located in a city or town.

- (3) The ordinance may be made irrevocable for the duration of specified lease rental or debt service payments.

(d) The body imposing the tax may not adopt an ordinance under subsection (c) if, before the adoption of the proposed ordinance, any of the following have pledged the county economic development income tax for any purpose permitted by IC 5-1-14 or any other statute:

- (1) The county.
- (2) A city or town in the county.
- (3) A commission, a board, a department, or an authority that is authorized by statute to pledge the county economic development income tax.

(e) The department of local government finance shall provide each county auditor with the fractional amount of the certified distribution that the county and each city or town in the county is entitled to receive under this section.

(f) Money received by a county, city, or town under this section shall be deposited in the unit's economic development income tax fund.

(g) Except as provided in subsection (b)(2)(B), in determining the fractional amount of the certified distribution the county and its cities and towns are entitled to receive under subsection (b) during a calendar year, the department of local government finance shall consider only

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property taxes imposed on tangible property subject to assessment in that county.

(h) In a county having a consolidated city, only the consolidated city is entitled to the certified distribution, subject to the requirements of sections 15, 25, and 26 of this chapter.

SECTION 55. IC 20-14-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

Chapter 14. Review of Budgets of Appointed Boards

Sec. 1. Before an appointed library board described in IC 6-1.1-17-20(a) may impose a property tax levy for the public library for the ensuing calendar year that is more than five percent (5%) greater than the property tax levy for the public library for the current calendar year, the library board shall submit its proposed budget and property tax levy to the appropriate fiscal body under section 2 of this chapter.

Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed budget and property tax levy to the following fiscal body at least fourteen (14) days before the county board of tax adjustment is required to hold budget approval hearings under IC 6-1.1:

- (1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the municipality.**
- (2) If the library district:**
 - (A) is not described by subdivision (1); and**
 - (B) is located entirely within the boundaries of a township; the fiscal body of the township.**
- (3) If the library district is not described by subdivision (1) or (2), the fiscal body of each county in which the library district is located."**

Page 23, between lines 19 and 20, begin a new paragraph and insert:

"SECTION 57. IC 21-3-1.7-7, AS AMENDED BY P.L.273-1999, SECTION 136, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 7. If a computation under this chapter results in a fraction and a rounding rule is not specified, the fraction shall be rounded as follows:

- (1) If it is a tax rate calculation, to the nearest ~~one-hundredth~~ **ten-thousandth** of a cent (~~\$0.0001~~): **(\$0.000001)**.**
- (2) If it is a tuition support calculation, to the nearest cent (\$0.01).**
- (3) If it is a calculation not covered by subdivision (1) or (2), to the nearest ten-thousandth (.0001).**

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SECTION 58. IC 36-2-9-20, AS AMENDED BY P.L.245-2003, SECTION 34, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 20. The county auditor shall:

- (1) maintain an electronic data file of the information contained on the tax duplicate for all:
 - (A) parcels; and
 - (B) personal property returns;
 for each township in the county as of each assessment date;
- (2) maintain the file in the form required by:
 - (A) the legislative services agency; and
 - (B) the department of local government finance; and
- (3) transmit **to the legislative services agency and the department of local government finance** the data in the file with respect to the assessment date of each year **in the form required by the department of local government finance** before the later of:
 - (A) March 1 of the next year; ~~to:~~
 - (A) the legislative services agency; and
 - (B) the department of local government finance; ~~or~~
 - (B) **thirty (30) days after the county mails its initial statement under IC 6-1.1-22-8."**

Page 25, between lines 23 and 24, begin a new paragraph and insert:
 "SECTION 60. THE FOLLOWING ARE REPEALED [EFFECTIVE UPON PASSAGE]: IC 6-1.1-4-13.6; IC 6-1.1-4-13.8."

Page 27, between lines 16 and 17, begin a new paragraph and insert:
 "SECTION 63. [EFFECTIVE JULY 1, 2003 (RETROACTIVE)]:

- (a) For purposes of this SECTION:
 - (1) "department" refers to the department of local government finance;
 - (2) "district" refers to a solid waste management district that has territory in more than one (1) county; and
 - (3) "2004 levy" refers to the least of:
 - (A) the district's maximum permissible levy under IC 6-1.1-18.5-3;
 - (B) the district's advertised levy; and
 - (C) the district's adopted levy;
 for 2003 taxes payable in 2004.
- (b) Notwithstanding:
 - (1) IC 13-21-7; or
 - (2) any action taken by a county or a district to fix a property tax levy for 2003 taxes payable in 2004;
 the department may, for each county that participates in a district,

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determine under this SECTION the part of the district's property tax levy under IC 13-21-3-12(13) for 2003 taxes payable in 2004 to be levied in the county.

(c) The amount of the part referred to in subsection (b) for a county that participates in a district is the amount that bears the same proportion to the 2004 levy that the certified assessed value of the county as of the 2002 assessment date bears to the total certified assessed value as of the 2002 assessment date of all counties that participate in the district.

(d) The department shall use the amount determined under subsection (c) in setting the tax rate of the county.

(e) This SECTION expires July 1, 2005.

SECTION 64. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION, "department" refers to the department of local government finance.

(b) Except as provided in subsection (e), the auditor of state shall not distribute to a county treasurer the part designated under subsection (c) of the money otherwise distributable in July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before July 1, 2004:

(1) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor does not transmit to the department the data for all townships in the county required to be transmitted before October 1, 2003, under IC 6-1.1-4-25(b);

(2) the county assessor does not forward to the department the duplicate copies of all approved exemption applications required to be forwarded before August 2, 2003, under IC 6-1.1-11-8(a);

(3) the county auditor does not send to the department a certified statement required to be sent before August 2, 2003, under IC 6-1.1-17-1 (as in effect before the amendments under this act); or

(4) the county auditor does not transmit to the department data required to be transmitted before March 1, 2003, under IC 36-2-9-20 (as in effect before the amendments under this act).

(c) The amount of money the auditor of state shall not distribute under subsection (b) equals the product of:

(1) two percent (2%); multiplied by

(2) the combined amounts of the distributions for March, April, and July of 2004, referred to in IC 6-1.1-21-10(b).

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(d) Except as provided in subsection (g), the auditor of state shall not distribute to a county treasurer two percent (2%) of the money otherwise distributable after July 2004 under IC 6-1.1-21-4, as amended by this act, and IC 6-1.1-21-10 if before the date of distribution the local officials referred to in subsection (b) have not provided all the data and information referred to in subsection (b). The withholding under this subsection applies separately to each distribution referred to in IC 6-1.1-21-10(b).

(e) Amounts withheld from distribution to the county treasurer under this SECTION are in addition to any amounts withheld from distribution under IC 6-1.1-21-4(e) or IC 6-1.1-21-4(f), both as amended by this act, before deadlines in 2004 established in those sections for failure to provide data or information.

(f) The auditor of state shall consider the provision of information referred to in subsection (b) to be untimely if the department notifies the auditor of state in writing that information provided is inaccurate, incomplete, or, with respect to information referred to in subsection (b)(2), not in the form required by the department.

(g) The restrictions on distributions under subsection (b) do not apply if the department determines that the failure to provide information as referred to in subsection (b) is justified by unusual circumstances.

(h) When local officials provide the data and information referred to in subsection (b), money withheld under subsection (b) shall be distributed under IC 6-1.1-21-4(g) and IC 6-1.1-21-4(h), both as amended by this act.

(i) This SECTION expires January 1, 2006.

SECTION 65. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) This SECTION applies only to the review or appeal of an assessment of real property used as residential property on an assessment date.

(c) This subsection applies only if the time in which a taxpayer is authorized to:

- (1) request a review under IC 6-1.1-15-1 or IC 6-1.1-15-3;
- (2) initiate the informal hearing process under IC 6-1.1-4-33 or IC 6-1.1-4-36 that is a prerequisite to an appeal under IC 6-1.1-4-34 or IC 6-1.1-4-37; or
- (3) initiate an appeal under IC 6-1.1-4-34 or IC 6-1.1-4-37 after initiating a timely informal hearing process;

has elapsed before the effective date of this SECTION, for an

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assessment date after February 28, 2002, and before March 1, 2004, and no review or appeal is pending on the effective date of this SECTION. The taxpayer may request a review or initiate an appeal under the appropriate provision of law before July 1, 2004, even if the taxpayer has previously initiated a review or an appeal for the same assessment date. The review or appeal is limited to consideration of competent evidence necessary to establish the fair market value of the property.

(d) If a timely initiated review or appeal is pending on the effective date of this SECTION, a taxpayer may raise the issue of the fair market value of the property in the review or an appeal after the effective date of this SECTION without initiating a new review or appeal.

(e) An assessment change that results from a review or an appeal subject to this SECTION applies to:

- (1) the assessment date for which the review or an appeal is initiated; and
- (2) each subsequent assessment date for which:
 - (A) a new assessment is not determined under IC 6-1.1; and
 - (B) there is not a review or an appeal of the assessment under:
 - (i) IC 6-1.1-15, as amended by this act; or
 - (ii) this SECTION.

(f) This SECTION expires January 1, 2008.

SECTION 66. [EFFECTIVE JULY 1, 2004] IC 6-1.1-19-1.5 and IC 21-3-1.7-7, both as amended by this act, apply only to property taxes first due and payable after December 31, 2004.

SECTION 67. [EFFECTIVE UPON PASSAGE] The department of local government finance may adopt temporary rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to implement IC 6-1.1-12.1-15, as added by this act. A temporary rule adopted under this SECTION expires on the earliest of the following:

- (1) The date of adoption under this SECTION of another temporary rule that supersedes the temporary rule previously adopted under this SECTION.
- (2) The date of adoption under IC 4-22-2 of a permanent rule that supersedes the temporary rule adopted under this SECTION.
- (3) January 1, 2006.

SECTION 68. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-21,

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as added by this act, applies to the calculation of the maximum permissible ad valorem property tax levies of municipalities for ensuing calendar year 2005."

Page 28, delete lines 40 through 42.

Page 29, delete lines 1 through 6, begin a new paragraph and insert:

"SECTION 73. [EFFECTIVE UPON PASSAGE] (a) For purposes of this SECTION:

- (1) "department" refers to the department of local government finance;
- (2) "levy" refers to the general fund ad valorem property tax levy;
- (3) "municipality" has the meaning set forth in IC 36-1-2-11; and
- (4) "rate" refers to the general fund ad valorem property tax rate.

(b) This SECTION applies to a municipality that:

- (1) in 2002 received:
 - (A) a certified distribution of county option income tax revenue that exceeded the estimated collection of revenue determined under IC 6-3.5-6-17(c), as in effect on January 1, 2002; or
 - (B) a supplemental county option income tax revenue distribution under IC 6-3.5-6-17.3; and
- (2) imposed a levy for taxes first due and payable in 2002 greater than the levy of the municipality for taxes first due and payable in 2003.

(c) A municipality may petition the department before May 1, 2004, to increase the levy of the municipality for taxes first due and payable in 2004.

(d) If at the time the department receives a petition under subsection (c) the department has certified the levy and the rate of the municipality under IC 6-1.1-17-16 for taxes first due and payable in 2004, the department shall recertify for taxes first due and payable in 2004:

- (1) the levy of the municipality in an amount equal to the sum of:
 - (A) the levy certified by the department for the municipality for taxes first due and payable in 2004; plus
 - (B) the lesser of:
 - (i) the amount of the excess or supplemental distribution referred to in subsection (b)(1); or
 - (ii) the remainder of the levy of the municipality for

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taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and
 (2) the rate for the municipality to reflect the increased levy under subdivision (1).

(e) If at the time the department receives a petition under subsection (c) the department has not certified the levy and the rate of the municipality under IC 6-1.1-17-16 for taxes first due and payable in 2004, the department shall certify for taxes first due and payable in 2004:

(1) the levy of the municipality in an amount equal to the sum of:

(A) the maximum permissible levy determined by the department for the municipality under IC 6-1.1-18.5 for taxes first due and payable in 2004; plus

(B) the lesser of:

(i) the amount of the excess or supplemental distribution referred to in subsection (b)(1); or

(ii) the remainder of the levy of the municipality for taxes first due and payable in 2002 minus the levy of the municipality for taxes first due and payable in 2003; and

(2) the rate for the municipality to reflect the levy under subdivision (1).

(f) This SECTION expires January 1, 2005.

SECTION 74. [EFFECTIVE MARCH 1, 2004 (RETROACTIVE)]: IC 6-1.1-6.9, as added by this act, applies only to assessment dates after February 29, 2004, and property taxes first due and payable after December 31, 2004.

SECTION 75. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-1.1-2, as amended by this act, a county council may impose a county adjusted gross income tax rate under IC 6-3.5-1.1-3.8, as added by this act, effective July 1, 2004, by the adoption of an ordinance before May 1, 2004.

(b) This SECTION expires January 1, 2005.

SECTION 76. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-3.5-6-2, as amended by this act, a county income tax council may impose a county option income tax rate under IC 6-3.5-6-9.7, as added by this act, effective July 1, 2004, by the adoption of an ordinance before May 1, 2004.

(b) Subject to the limitations of IC 6-3.5-6-6, as amended by this act, the county auditor shall deliver copies of a proposed ordinance the auditor receives to impose a county option income tax rate under IC 6-3.5-6-9.7, as added by this act, to all members of the

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county income tax council not later than five (5) days after receipt. Once a member of the county income tax council receives a proposed ordinance from the auditor of the county under this subsection, the member shall vote on it not later than fifteen (15) days after receipt.

(c) This SECTION expires January 1, 2005.

SECTION 77. [EFFECTIVE UPON PASSAGE] IC 6-1.1-21-5.7 and IC 6-1.1-21-5.8, both as added by this act, apply only to property taxes first due and payable after December 31, 2004."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 441 as printed January 21, 2004.)

CRAWFORD, Chair

Committee Vote: yeas 18, nays 6.

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